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REVISED SYSTEM OF NATIONAL ACCOUNTS

CHAPTER II

OVERVIEW

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EUROSTAT
INTERNATIONAL MONETARY FUND
ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
UNITED NATIONS STATISTICAL DIVISION AND REGIONAL COMMISSIONS
WORLD BANK

II. OVERVIEW

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List of Acronyms

GDP	gross domestic product
GNP	gross national product
GNDI	gross national disposable income
GNI	gross national income
ISIC	International Standard Industrial Classification
NNDI	net national disposable income
NNI	net national income
NPI	non-profit institution
SAM	social accounting matrix
VAT	value added tax

II. OVERVIEW

A. Introduction

1. The purpose of this chapter is to give an overall picture of what is called the central framework of the SNA - for simplicity, called the System. The chapter introduces the main categories, which in a sense are the backbone of the System, and the rules of accounting to be followed when recording the various entries. It then describes the System's accounting structure. Next, the chapter introduces some of the ways in which the central framework may be applied flexibly depending on specific country requirements. These presentations are made from the point of view that national accounts are an integrated system of accounts for which complete consistency is required. This point of view is the traditional one to national accounting and remains the central one. Thereafter, the chapter's presentation is from a second point of view, one that regards national accounts as a set of interrelated sub-systems, each of which is internally fully consistent and all of which, although differing from one another in some aspects, are compatible in a loose sense of the term. The chapter introduces satellite accounts, which are constructs semi-integrated with the central framework, around and in close connection with it.

2. As stated in <chapter I, Introduction,> the central framework describes the essential phenomena which constitute economic life: production, income, consumption, accumulation and wealth. It provides an understandable and simplified, but complete, representation of this set of phenomena and their interrelations.

3. The central framework is an integrated system. That is, the same concepts, definitions and classifications are applied to all accounts and sub-accounts. For example, all dwellings are treated as assets used to produce goods and services. As a consequence, all housing services, whether sold or consumed by the owners, are included within the production boundary, and all of the corresponding income originating from the production of housing services appears in the System in the same accounts using the same definitions and classifications.

4. Nevertheless, integrated does not mean restricted to a single point of view. The central framework includes several points of view, for example, stocks and flows, the nature of transactions and the purposes of transactions, institutional units and establishment-type units, market and non-market output, consumption expenditure and actual consumption. All of them are mutually consistent, and do not involve any inconsistency.

5. The central framework is also consistent. That is, each economic flow or stock is measured identically for the parties involved. This consistency is achieved by applying throughout the System the same concepts and definitions and also by using a single set of accounting rules for all entries in the System. Of course, the actual data coming from the accounts or statistics provided by elementary units will not be fully consistent for

various reasons. In practice, achieving consistency in national accounts requires a large amount of additional work.

6. Integration and consistency are basic requirements originating from fundamental characteristics of economic life and coherent accounting. These features allow the central framework to serve as a basis for the coordination of economic and, partly, social statistics.

1. Analysing flows and stocks

7. Basically, the purpose of a system of national accounts is to record economic flows and stocks. Economic flows can be thought of in various ways. To start, consider the following question: "Who does What?" "Who" refers to the economic agent engaged in doing something, the operator. "What" is connected with the kind of action this agent is undertaking. In a few cases, answering this simple question is enough to give a good preliminary characterization of an economic flow.

8. But in general, the question is too simple to provide even a rough economic description of a specific flow. Take the example of somebody buying a loaf of bread. In order to characterize the flow, it is necessary to consider from whom this loaf of bread is bought (a retailer or a supermarket) and what is given in exchange (a coin or a note). So the starting question is transformed into "Who does What with Whom in exchange for What?" This rather simple flow involves two operators (a buyer, a seller), two main actions (a purchase, a sale), two secondary actions (a payment, a receipt) and two objects (bread, a coin or a note). Again, a complete description would need more: at least the weight, kind and price of the bread.

9. The picture in the real world is still more complicated. Before this flow occurred, the seller had a certain quantity of bread in his shop; afterward he has less bread but more money. The buyer had a certain amount of money, now he has less money but some bread (before eating it). So the flow between them has changed their initial situations. This means that flows cannot be looked at in isolation; the situations before and after a flow occurs need to be considered. At those two points in time, one must ask the question "Who has What?". The baker not only has bread and currency, he also has a house with the shop, a kneading-trough, some flour, a deposit in a bank, a car, etc. In other words, he has (he owns) a certain stock of objects. The same is true for the buyer. In addition to what they are in themselves, flows modify stocks. Flows and changes in stocks are intrinsically connected. The previous question is again transformed into "Who does What with Whom in exchange for What with What changes in stocks?"

10. However, the various ways of looking at this example have not yet been exhausted. Before the baker can sell bread, he has to bake it. He uses flour, water, electricity, a kneading-trough, etc. So, an additional question is "Who does What by What means?" What he does can also be characterized in two ways: his activity (to bake) and the result of it (a product: bread).

11. Turning to the buyer one can ask "Why does he buy bread?" The obvious purpose is for eating it, as food; however, it could be different, for giving it to a beggar, as charity. This raises the question "Who does What for What purpose?".

12. Mixing all the questions together results in a rather complex combination of simple links: "Who does What by What means for What purpose with Whom in exchange for What with What changes in stocks"?. Answering these questions for all economic flows and stocks and operators in a given economy would provide an enormous amount of information describing the complete network of economic interrelations. However, it would require an enormous amount of basic data, which are not always available, nor complete (i.e., they cover only certain aspects of the complex chain of questions). In addition, it is necessary to organise the recording of economic flows and stocks in an intelligible way, as discussed in the next section. It will become apparent that full articulation of all the questions raised by the analysis of economic flows is not necessary.

2. Recording flows and stocks

13. Users' needs set certain requirements for the accounting framework. Firstly, it should provide a picture of the economy, but the picture, to be intelligible and manageable, must be simplified. Secondly, it should faithfully represent economic life by covering all important aspects in a balanced way without neglecting or giving too little emphasis to some aspects or giving others too much prominence. Finally, it should portray all significant economic behaviour, interrelations and the results of economic activity. Although meeting these requirements is necessary, they are contradictory to certain extent. Achieving the right balance among them is not easy. Too great a simplification can lose sight of or neglect important aspects of economic life. Too close a portrayal of reality can overburden the picture and reduce insight. Too much sophistication can lower intelligibility and mislead some users, and so on.

14. Firstly, to meet these requirements, the System uses a limited number of basic categories to analyse and aggregate certain aspects (Who? What? What purpose? What stocks?) of the very numerous elementary flows. This is explained briefly in the next part of this chapter and in detail in the relevant chapters. Secondly, the System simplifies the picture it gives of the economic interrelations by not recording systematically the "who with whom?" question; that is, it does not depict the network of flows between the various types of operators. However, the "who with whom?" relation, which is not introduced in the accounting framework, is obvious in a number of cases and recommended in practice in some others. Also, the System does not record at all the "what in exchange for what?" question; that is, it does not indicate, for example, the specific nature of the financial counterpart (currency or deposit or short-term loan, etc.) of the purchases of goods and services or the payment of taxes.

15. Thus, in lieu of showing the network of direct economic relations between pairs of operators, the System is structured to avoid the need to record relations between pairs of operators and to make it sufficient to record each type of relation between a given operator (or group of operators) and all the other operators indiscriminately. The dummy, or screen, accounts that accomplish this objective are presented below in <<paragraphs 152 to 160>>.

16. The fact that the System is integrated, although not fully articulated, does not reduce its consistency requirements. In effect, the purpose of the System is to get national accounts that are as consistent as they would be if they were fully articulated; each economic flow or stock should be measured identically for both parties involved. The consistency in the System is achieved by applying throughout the same concepts and definitions and also by using a single strict set of accounting rules. These accounting rules are also presented briefly in section C and more completely in <chapter III, Transactions and Accounting Rules>.

17. The recording of flows and stocks is made in accounts, each account referring to a certain aspect of economic life. National accounts may be presented in several ways. The System mainly follows the classical presentation in the form of balancing statements with incomings on one side and outgoings on the other side. The accounts of the System are described in section D of this chapter and, with more detail, in each relevant chapter. The other main way of presenting the accounts is a matrix, in which each account is represented by a row and column pair. The matrix presentation is introduced in the annex to this chapter "Other Presentations of the Accounts" (and is used systematically in Social Accounting Matrices, which are discussed in <chapter XX>). The annex also introduces presentations in the form of diagrams and equations.

B. Main Categories

18. The SNA contains a number of classifications which in a sense constitute the skeleton of the System and permit various aspects of the questions raised above to be answered:

- institutional units and sectors (who?)
- transactions and other flows (what?)
- assets and liabilities (what stocks?)
- activities, establishments, products (other aspects of who and what?)
- purposes (what for?)

They are presented in turn.

1. Institutional units and sectors

19. The fundamental units identified are the economic units which are capable of owning assets and incurring liabilities on their own behalf. They can engage in the full range of transactions. These units are called institutional units. In addition, being centres of legal responsibility, institutional units are centres of decision making for all aspects of economic life. In practice, some institutional units control others and thus in such cases autonomy of decision is not total and may vary over time. Legally independent holding of assets and liabilities and autonomous behaviour do not always coincide. In the System, preference is generally given to the first aspect because it provides a better way to organize the collection and presentation of statistics even if its usefulness is limited in some cases.

a. Institutional sectors

20. The institutional units are grouped together to form institutional sectors, on the basis of their principal functions, behavior, and objectives:

- non-financial corporations: institutional units which are principally engaged in the production of market goods and non-financial services.
- financial corporations: institutional units which are principally engaged in financial intermediation or in auxiliary financial activities.
- general government: institutional units which, in addition to fulfilling their political responsibilities and their role of economic regulation, produce principally non-market services (possibly goods) for individual or collective consumption and redistribute income and wealth.
- households: all physical persons in the economy, with the institutional unit in the household sector consisting of one individual or a group of individuals. According to the criteria given for defining the institutional unit, the household of the owner of an unincorporated enterprise in general includes this enterprise, which is not considered an institutional unit (except under certain conditions). The principal functions of households are the supply of labour, final consumption and, as entrepreneurs, the production of market goods and non-financial (possibly financial) services.
- non-profit institutions (NPIs) serving households : legal entities which are principally engaged in the production of non-market services for households and whose main resources are voluntary contributions by households.

21. Each sector, except NPIs serving households, contains a number of sub-sectors (with various levels) distinguished according to a hierarchical classification (<see chapter IV, Institutional Units and Sectors>). A sub-sector comprises entire institutional units, and each institutional unit belongs to only one sub-sector. In addition, the distinction between public, national private and foreign controlled corporations and between various socio-economic groups of households is emphasised in the System in order to respond to policy concerns.

b. Delimitation of the total economy and the rest of the world

22. The total economy is defined in terms of institutional units. It consists of all the institutional units which are resident in the economic territory of a country. The economic territory of a country, although consisting essentially of the geographic territory, does not coincide exactly; some additions and subtractions are made (<see chapter XIV, External Account). The concept of residence in the System is not based on nationality or legal criteria. An institutional unit is said to be a resident unit of a country when it has a centre of economic interest in the economic territory of that country - that is, when it engages for an extended period (one year or more being taken as a practical guideline) in economic activities on this territory. The institutional sectors referred to above are groups of resident units.

23. Resident units engage in transactions with non-resident units (that is, units which are residents of other economies). These transactions are the external transactions of the economy and are grouped in the accounts of the rest of the world. Strictly speaking, the rest of the world is the account of transactions occurring between resident and non-resident units, but it may also be seen as the whole of non-resident units that enter into transactions with resident units. So, in the System's accounting structure, the rest of the world plays a role similar to that of an institutional sector, although non-resident units are included only in so far as they are engaged in transactions with resident institutional units. Consequently, as far as coding of classifications is concerned, a specific item for the rest of the world is included at the end of the classification of sectors.

2. Transactions and other flows

24. Institutional units and their members fulfil various economic functions; that is, they produce, consume, save, invest, etc. They engage in various economic activities (agriculture, manufacturing, etc.) as entrepreneurs or wage-earners or suppliers of capital, or they are unemployed. In all aspects of their economic functions and activities, they undertake a great number of elementary economic actions. These actions result in economic flows, which, in addition to their specific nature (wages, taxes, fixed capital formation) create, transform, exchange, transfer or extinguish economic value; they involve changes in the volume, composition, or value of an institutional

unit's assets or liabilities. The economic value may take the form of ownership rights on concrete objects (a loaf of bread, a dwelling) or of financial claims (liabilities being understood as negative economic value). In all cases, it represents a certain quantum of abstract economic value which is potentially usable to acquire goods or services, pay wages or taxes, etc.

25. Most economic actions are undertaken by mutual agreement between institutional units. They are either an exchange of economic value or a voluntary transfer by one unit to another of a certain amount of economic value without a counterpart. These actions undertaken by mutual agreement between two institutional units are called transactions in the System. The System also treats as transactions certain economic actions involving only a single institutional unit which are similar in nature to actions undertaken by mutual agreement by two different institutional units, such as own-account fixed capital formation. They are internal, or intra-unit, transactions.

26. However, not all economic flows are transactions. For example, certain actions undertaken unilaterally by one institutional unit have consequences on other institutional units(s) without the latter's consent. The System records such actions only to a limited extent, essentially when governments or other institutional units take possession of the assets of other institutional units, including non-resident units, without full compensation. In real life, unilateral economic actions bearing consequences, either positively or negatively, on other economic units (externalities) are much broader. However, such externalities are not recorded in the System. Also, human action may result in the transfer of natural assets to economic activities and the subsequent transformation of these assets. These phenomena are recorded in the System as economic flows, changing the amount of economic claims. Moreover, non-economic phenomena, such as wars and natural disasters, may destroy economic assets, and this extinction of economic claims must be accounted for. Also, the value of economic assets and liabilities may change during the time they are held as stocks, as a consequence of changes in prices. These and similar flows that are not transactions, which are called other economic flows in the System, are described in <chapter XII, Other Changes in Assets.>

27. The economic flows can be actual, observable flows or they can be built up or estimated for analytical purposes. Certain flows may be directly observed in value terms. This is the case for monetary transactions between two institutional units, such as a purchase/sale of a good or the payment of a tax. Other two-unit flows are observable but cannot be immediately valued. These flows include barter of goods and services or education services consumed by students and provided free of charge by government; a value in money terms has to be attributed, or imputed, to them. Both of these types of two-unit transactions may or may not involve a "quid pro quo" - that is, a flow in one direction is linked to a counterpart flow in the opposite direction. Barter is an example of a two-unit flow involving a quid pro quo; a social assistance benefit in cash is a two-unit flow that does not involve a quid pro quo. Another kind of flow involves only one institutional unit. They may be physically observable, as in the case of output, own-account

consumption or capital formation, or destruction by natural catastrophes. A value has to be attributed to them (this may be fairly easy in certain cases, such as when output is mostly sold). Other intra-unit, or internal, flows may not be observable as such; accounting entries are then constructed for the sake of measuring economic performance correctly. This is the case for the consumption of fixed capital or the revaluation of assets and liabilities. Certain inter-units flows, like the reinvested earnings on direct foreign investment, are also accounting entries created for analytical purposes. Finally, some observable monetary transactions are not recorded as they are observed in practice because they are of a composite nature (nominal interest, gross insurance premiums) or their legal nature does not correspond to their economic one (financial leasing). Consequently, for the System, they are split up into various components and/or their classification and routing is modified.

28. In modern market economies, most transactions are monetary and take place between different institutional units. They constitute the fundamental basis for valuing flows in national accounts. The relative importance of non-monetary transactions varies according to the type of economy and the objectives pursued by the accounting system. It is generally greater for less developed economies than for developed ones, in which, however, it is not negligible.

a. Main types of transactions and other flows

29. Elementary transactions and other flows are innumerable. They are grouped into a relatively small number of types according to their nature. The System's main classification of transactions and other flows includes four first-level types, with each subdivided according to a hierarchical classification. It is designed to be used systematically in the accounts and tables of the central framework and cross classified with institutional sectors, industry and product, and purpose classifications.

30. Transactions in goods and services describe the origin (domestic output or imports) and use (intermediate consumption, final consumption, capital formation or exports) of goods and services. By definition, goods and services in the System are always a result of production, either domestically or abroad, in the current period or in a previous one. The term products is thus a synonym for goods and services.

31. Distributive transactions consist of transactions by which the value added generated by production is distributed to labour, capital and government and of transactions involving the redistribution of income and wealth (taxes on income and wealth and other transfers). The System draws a distinction between current and capital transfers, with the latter deemed to redistribute saving or wealth rather than income (<see chapter VIII, Secondary Distribution of Income>).

32. Transactions in financial instruments (or financial transactions) refer

to the net acquisition of financial assets or the net incurrence of liabilities for each type of financial instrument. Such changes often occur as counterparts of non-financial transactions. They also occur as transactions involving only financial instruments. Transactions in contingent assets and liabilities are not considered transactions in the SNA. (<See chapter XI, Financial Account>.)

33. Other accumulation entries cover transactions and other economic flows not taken into account before which change the quantity or value of assets and liabilities. Firstly, they include consumption of fixed capital and acquisitions less disposals of non-produced non-financial assets. Then, they cover other economic flows of non-produced assets, such as discovery or depletion of subsoil resources or transfers of other natural assets to economic activities. They also cover the effects of non-economic phenomena such as natural catastrophes and political events (wars for example). Finally, they include holding gains or losses, due to changes in prices, and some minor items (<see chapter XII, Other Changes in Assets>).

b. Characteristics of transactions in the System

34. In order to provide more useful answers to the questions raised in the analysis of flows, some transactions are not recorded in the System as they might be directly observed. Firstly, the System often uses categories which are more closely identified with an economic concept. For example, gross fixed capital formation, a sub-category of transactions in goods and services, is broader than the limited coverage thought of as "purchases of fixed assets". In order to be closer to an economic concept, it covers the acquisition of new and existing fixed assets, through purchases, barter transactions, own-account capital formation or investment grants received in kind, less the disposal of existing assets, through sales, barter transactions or investment grants made in kind.

35. Secondly, as the previous example shows, the System also often uses categories which are compacted, that is, are the result of combining a number of elementary transactions. Changes in inventories, for example, is the difference between entries into and withdrawals from inventories and current losses. The same netting happens for transactions in financial instruments. All transactions in an instrument held as an asset (or as a liability) are grouped under the heading of this instrument. The item "loans," for example, covers issuance of new loans, conversions, and redemptions or cancellations of existing loans. Finally, some categories of transactions in the System, such as distributive transactions concerning interest and non-life insurance net premiums, require an actual transaction to be split into parts.

36. Although monetary transactions have a basic role in the valuation of flows in the System, non-monetary transactions are also significant. They include flows of goods and services that take place between institutional units for which values have to be estimated and also some flows that are assumed to take place within units. It is often desirable, therefore, to show

monetary transactions separately from non-monetary in the broad sense, with in-kind transactions as an additional sub-category.

c. The complementary classification of transactions and other flows

37. Since introducing all relevant distinctions throughout the classification of transactions and other flows would overburden the picture, the System provides a complementary classification to facilitate additional presentations and analysis. The complementary classification is not intended for regular use but for use when a more detailed analysis of certain accounts or of certain transactions is needed and when users need help in understanding the results. Moreover, it is not intended to limit the extension of national complementary classifications: the latter may indeed have a broader coverage, according to specific needs.

38. The complementary classification of transactions shows, firstly, a number of transactions in kind explicitly, such as own-account final consumption, barter transactions and wages and salaries in kind. Secondly, it shows the components of compacted flows, such as output and intermediate consumption. Finally, it includes observed composite transactions, such as nominal interest or total insurance premiums, that are split into components for use in the System. As stressed in <chapter XIX, Applications and Extensions>, countries are invited to use both the main and complementary classifications in a flexible way. In particular, they may want to subdivide some headings of the main classification to analyze specific transactions; the complementary classification provides a useful reference.

39. The main and complementary classifications are in an annex at the end of this manual.

3. Assets and liabilities

40. Assets and liabilities are the components of the Balance Sheets of the total economy and institutional sectors. In contrast to the accounts that show economic flows, a balance sheet shows the stocks of assets and liabilities held at a point of time by each unit or sector or the economy as a whole. However, stocks are connected with flows: they result from the accumulation of prior transactions and other flows, and they are modified by future transactions and other flows. Generally recorded at the point in time when an inventory is drawn up, they result in fact from a continuum of entries and withdrawals, plus some changes, either in physical substance or in value, occurring during the period a given asset or liability is held. Thus stocks and flows are closely related.

41. The coverage of assets is limited to those assets which are subject to ownership rights and from which economic benefits may be derived by their owners by holding them or using them in economic activity as defined in the System. Most consumer durables, human capital, culture as such and natural

resources that are not capable of bringing economic benefits to their owners are outside the scope of assets in the System.

42. The classification of assets distinguishes, at the first level, financial and non-financial (produced and non-produced) assets (<see chapter X, Capital Account). Most non-financial assets generally serve two purposes. They are primarily objects usable in economic activity and, at the same time, serve as stores of value. Financial assets are directly stores of value, although they may also fulfil other functions.

4. Producing units and products

a. Producing units

43. Institutional units such as corporations may produce various types of goods and services. These goods and services result from processes of production which may differ as regards materials and supplies consumed, kind of equipment and labour employed and techniques used. In other words, they may come from different economic activities.

44. To study production and production functions in detail, it is necessary to refer to more homogeneous units. The ideal solution would be to delineate, among institutional units, units which would be totally homogeneous - that is, engaged in only one economic activity - and observable. In practice, it is not always feasible to distinguish, inside multi-activity units, units of production engaged in a single activity and for which the necessary data are available so that some secondary activities that cannot be separated are covered. For that reason, the SNA uses for the detailed study of production a unit which, in addition to its principal (homogeneous) activity, may cover secondary activities. As it is also necessary to give a picture of the distribution of production in space, this unit also has to be in a single location or nearby sites. This unit is the establishment.

45. Establishments that have the same principal activity are grouped in industries according to the International Standard Industrial Classification of All Economic Activities (ISIC, Rev. 3).

46. Given the fundamental role played by the market in modern economies, the SNA distinguishes, as an essential feature of its structure, between establishments which are market producers and those which are non-market producers. Market establishments produce mostly goods and services for sale at prices which are economically significant. Non-market establishments supply most of the goods and services they produce without charge or at prices which are not economically significant. Market establishments engaged, as their principal activity, in the same kind of economic activity, constitute a market industry. Similarly, non-market establishments constitute non-market industries.

47. There is a hierarchical relation between institutional units and establishments. An institutional unit contains one or more entire establishment(s), either market or non-market. An establishment belongs to one and only one institutional unit.

48. For more refined analysis of the production process, use is made of an analytical unit of production. This unit, which is not always observable, is the unit of homogeneous production, defined as covering no secondary activities. These units are grouped in homogeneous industries.

b. Products

49. Goods and services, also called products, are the result of production. They are exchanged and used for various purposes: as inputs in the production of other goods and services, as final consumption or for investment. Here again the SNA makes a conceptual distinction between market and non-market goods and services, allowing in principle any kind of good or service to be either type. In order to study transactions in goods and services in detail, the System uses the Central Product Classification.

5. Purposes

50. The concept of purpose, or function, relates to the type of need a transaction or group of transactions aims to satisfy or the kind of objective it pursues. Transactions are first analyzed in the System according to their nature. Then, for certain sectors or kind of transactions, they are analyzed from the expenditure side, by purpose, answering the earlier question "for what purpose?" In any analysis by purpose, the transaction or group of transactions is, in principle, the statistical unit to which a classification is applied. The classifications used in the System are described in <chapter XVIII, Functional Classifications.>

51. In the case of households, consumption expenditure and/or actual consumption are traditionally classified by purpose in household surveys and national accounts. Such analysis may cover other parts of household accounts, like fixed capital formation, interest paid and some transfers. All expenditure by NPIs serving households is broken down by purpose.

52. For government, the analysis by purpose applies to all transactions except, in most instances, to transactions in financial claims and interest on the public debt.

53. Normally the analysis by purpose of market goods and services has to be made from the users' side. A market producer is normally not directly concerned with the purpose for which a purchase is made, even if the purpose is of interest for market research. For market producers, the problem is different: in some instances producers may incur costs (intermediate, labour, capital) which contribute to market prices but serve a purpose that is

different from the one the market good or service itself is destined to satisfy. This is the case, for example, for expenditures for environmental protection or employee training. The System provides for additional analysis in this connection.

C. Rules of Accounting

1. Introduction

a. Terminology for the two sides of the accounts

54. The SNA utilizes the term resources for the side of the current accounts where transactions which add to the amount of economic value of a unit or a sector appear. For example, wages and salaries are a resource for the unit or sector receiving them. Resources are by convention put on the right side. The left side of the accounts, which relates to transactions that reduce the amount of economic value of a unit or sector, is termed uses. To continue the example, wages and salaries are a use for the unit or sector that must pay them.

55. Balance sheets are presented with liabilities and net worth (the difference between assets and liabilities) on the right side and assets on the left. Comparing two successive balance sheets, one gets changes in liabilities and net worth and changes in assets.

56. The accumulation accounts and balance sheets being fully integrated, the right side of the accumulation accounts is called changes in liabilities and net worth and their left side is called changes in assets. In the case of transactions in financial instruments, the changes in liabilities are often referred to as (net) incurrence of liabilities and the changes in assets as (net) acquisition of financial assets.

b. Double entry/quadruple entry

57. For a unit or sector, national accounting is based on the principle of double entry, as in business accounting. Each transaction must be recorded twice, once as a resource (or a change in liabilities) and once as a use (or a change in assets). The total of transactions recorded as resources or changes in liabilities and the total of transactions recorded as uses or changes in assets must be equal, thus permitting a check of the consistency of the accounts. Economic flows that are not transactions have their counterpart directly as changes in net worth, by construction. This is shown in section D of this chapter (and also in <chapter XII, Other Change in Assets Accounts,> which describes the Other Changes in Volume of Assets Account and the Revaluation Account).

58. The implications of the double entry principle are easy to grasp in a

number of cases: a household's purchase on credit of a consumer good will appear as a use under final consumption expenditure and as an incurrence of a liability under loans, for example. If this good is paid for in cash, however, the picture is less simple: the counterpart of a use under final consumption is now a negative acquisition of assets, under currency and deposits for instance. Other transactions are even more complicated. Output of goods, for instance, is recorded as a resource in the account of a producer, its counterpart among uses is recorded as a positive change in inventories. When the output is sold, there is a negative change in inventories - that is, a negative acquisition of assets - balanced by a positive acquisition of assets, for instance under currency and deposits.

59. In many instances, the difficulty of seeing how the double entry principle applies is due to the fact that the categories of transactions in the System are compacted, as explained before.

60. In principle, national accounts - with all units and all sectors - are based on a principle of quadruple entry, because most transactions involve two economic agents/institutional units. Each transaction of this type must be recorded twice by the two transactors involved. For example, a social benefit in cash paid by a government unit to a household is recorded in the accounts of government as a use under the relevant type of transfers and a negative acquisition of assets under currency and deposits; in the accounts of the household sector, it is recorded as a resource under transfers and an acquisition of assets under currency and deposits.

61. The principle of quadruple entry does not imply that the relations between sectors (from whom to whom?) are directly shown in the accounts. Recording correctly the four transactions involved results in full consistency.

62. Although these accounting principles are the conceptual basis for the consistency of national accounts, national accounting cannot always take advantage of them in practice. The accounts of the nation are not kept in the same way as a business unit or government - that is, by actually recording all flows occurring in a given period. They rely on accounts of various units that are not always consistent, complete or even available. For household accounts in particular, other statistics such as those from household surveys have to be used. However, the quadruple entry principle remains fundamental.

2. Time of recording

63. One implication of the quadruple entry principle is that transactions, or other flows, when relevant, have to be recorded at the same point of time in the various accounts in question for both units involved. The same applies to stocks of financial assets and liabilities.

64. The general principle in national accounting is that transactions between institutional units have to be recorded when claims and obligations

arise, are transformed or are cancelled - that is, on an accrual basis. Transactions internal to one institutional unit are equivalently recorded when economic value is created, transformed or extinguished. Generally speaking, all transactions, apart from their intrinsic nature, can always be viewed as dealing with economic value.

65. One has thus to distinguish carefully between a transaction and the corresponding cash movement which takes place, except for a transaction in kind, at a given point of time. Even when a transaction (a purchase/sale of a good, for example) and the payment/receipt are simultaneous, the two aspects exist. The purchaser is incurring a liability, the seller acquiring a claim as a counterpart of the delivery of the good. Then liability and claim are cancelled by the payment. In most cases, there is a delay between the actual transaction and the corresponding payment/receipt. In principle, national accounts record actual transactions, not on a cash basis, but on an accrual basis. Conceptually they follow the same principle as business accounting.

66. If the principle is clear, its implementation is far from simple. Institutional units do not always apply the same rules. Even when they do, differences in actual recording may occur for practical reasons such as delays in communication. Consequently, transactions may be recorded at different times by the transactors involved, sometimes not even in the same accounting period. Discrepancies exist which national accounts must eliminate by after-the-fact adjustments. In addition, because the time at which a claim/liability arises is not always unambiguous, further implementation problems arise. The rules and conventions adopted in the System for particular transactions are specified in their relevant chapters. See also <chapter III, Transactions and Accounting Rules>.

3. Valuation

a. General principles

67. Again following the quadruple entry principle, a transaction must be recorded at the same value through all the accounts of both sectors involved. The same principle applies to assets and liabilities. It means that a financial asset and its liability counterpart have to be recorded for the same amount in the creditor and the debtor accounts.

68. Transactions are valued at the actual price agreed upon by the transactors. Market prices are thus the basic reference for valuation in the System. In the absence of market transactions, valuation is made according to costs incurred (non-market services produced by government) or by reference to market prices for analogous goods or services (services of owner-occupied dwellings).

69. Assets and liabilities are valued at current prices at the time to which the balance sheet relates, not at their original prices. Theoretically, national accounts are based on the assumption that assets and liabilities are

continuously revalued at current prices, even if estimates are in fact made only periodically. The appropriate valuation basis for assets and liabilities is the price at which they might be bought on markets at the time the valuation is required. Prices observed in markets or estimated from observed market prices should preferably be used. Current prices may be approximated for balance sheet valuation in two other ways: by accumulating and revaluing transactions over time or by estimating the discounted present value of future returns expected from a given asset. <See also chapter XIII, Balance Sheet>.

70. Internal transactions are valued at current prices at the time these transactions occur, not at original prices. These internal transactions include entries in inventories, withdrawals from inventories, intermediate consumption and consumption of fixed capital.

b. Methods of valuation

71. Various methods of treating taxes on products, subsidies, and trade and transport margins in valuing transactions on products (goods and services) exist. For the sake of integrating the System, the same methods are followed in the institutional sector accounts and the central supply and use tables (see section D).

72. The preferred method of valuation of output is at basic prices, although producers' prices may be used when valuation at basic prices in not feasible. The distinction is related to the treatment of taxes and subsidies on products. Basic prices are prices before taxes on products are added and subsidies on products are subtracted. Producers' prices include, in addition to basic prices, taxes less subsidies on products other than value added type taxes. This means, to be specific, that three valuations of output may be encountered: at basic prices, at producers' prices in the absence of value added type taxes, at producers' prices in the presence of value added type taxes. 1/

73. In the same set of accounts and tables, all transactions on the uses of goods and services (like final consumption, intermediate consumption, capital formation) are valued at purchasers' prices. Purchasers' prices are defined as including all taxes on products (less subsidies on products) except the deductible part of value added type taxes. Purchasers' prices are the actual costs to the users.

1/ The way producers' prices are defined means that value added type taxes are never considered in the System to be costs against production but levies on uses; producers are deemed to collect, on behalf of government, taxes which are not part of their own turnover. The use of basic prices might be interpreted as extending this scheme to all taxes on products. Business accounting practices may vary from one country to another or within a given country. The trend seems to be toward the recording of taxes on products separately from turnover.

74. The various methods of valuing output, with intermediate consumption always at purchasers' prices, imply consequences for the content and uses of value added (the difference between output and intermediate consumption) by a producer or a sector or an industry. In the same set of accounts and tables, uses of value added at basic prices include, besides primary incomes to labour and capital, only taxes less subsidies on production other than taxes less subsidies on products; uses of value added at producers' prices include, in addition, taxes, less subsidies, on products other than value added type taxes (which means all taxes, less subsidies, on products 2/ when value added type taxes do not exist). A complementary definition of value added is at factor cost, which excludes taxes on production of any kind.

75. When looking at the economy as a whole, that part of taxes on products (less subsidies) not included in value added is added to the sum of value added of all producers (either institutional sectors or industries) in order to reach the main aggregate of product and income generated in the economy.

76. Other methods of valuation may be used in other versions of the supply and use tables and symmetric input-output tables. In particular, valuation at basic prices may be used for output, when not already done in the central supply and use tables, and for uses of goods and services detailed by product. (In the latter case, an additional row for taxes, less subsidies, on products is introduced to get, for each type of use, the total at purchasers' prices.) Another alternative valuation of uses by product excludes trade and transport margins, the latter being directly channelled to the users.

c. Volume measures and real measures

77. To this point, only current prices have been described. However, the System emphasizes calculation at constant prices, that is, use of the system of prices which prevailed in a past period. Flows at constant prices take into account the changes in the specific price of the item in question. Flows at constant prices are said to be in volume terms. A flow at current prices may also be deflated by taking into account the change in the general price level (that is, in the purchasing power of the currency). In that case, the flow is said to be in real terms (at constant purchasing power). Flows which cannot be calculated at constant prices, for example, because they are not flows of goods and services, may be shown in real terms. For example, the System provides for the calculation of income in real terms.

78. Inter-spatial comparisons raise similar but even more complex problems than inter-temporal comparisons. The additional difficulty is due mainly to the fact that many countries are involved. Purchasing power parities (the ratios between prices prevailing in various countries) are calculated and indicators of relations in volume between various groups of items and national

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2/ However, taxes and subsidies on imports are never channelled through the accounts of producers.

aggregates for different countries are obtained by using a great many elementary calculations at prices constant-in-space.

79. <Chapter XVI, Prices and Volume,> discusses both inter-temporal and inter-spatial measures.

4. Consolidation and netting

80. Consolidation may cover various accounting procedures. In general, it refers to the elimination, both from uses and resources, of transactions which occur between units when the latter are grouped and to the elimination of reciprocal financial assets and liabilities.

81. For institutional units, normally only transactions with other institutional units are recorded. However, when it is necessary to give meaningful measures of economic phenomena, the System records internal flows. This is done for consumption of fixed capital and for output used as own-account final consumption. As regards internal intermediate uses, the System follows a convention: deliveries among technical units of an establishment are consolidated with the corresponding output, but deliveries among establishments belonging to the same enterprise are not. Consequently, output and intermediate consumption, once measured at the establishment level, are not modified whatever level of aggregation is used.

82. For sub-sectors or sectors, flows between constituent units are not consolidated as a matter of principle. However, consolidated accounts may be built up for complementary presentations and analyses. This may be useful, for example, for the government sector as a whole, thus showing the net relations between government and the rest of the economy. Even then, transactions appearing in different accounts are never consolidated to avoid changing the balancing items.

83. Accounts for the total economy, when fully consolidated, give rise to the External Transactions Account (Rest of the World Account).

84. Consolidation must be distinguished from netting. For current transactions, netting refers, outside the context of consolidation of various units, to offsetting uses against resources. The System does this only in a few specific presentations; for example, taxes on products may be shown net of subsidies on products. For changes in assets or changes in liabilities, netting may be envisaged in two ways. First, various types of changes in assets (for example, entries in inventories and withdrawals from inventories) or various types of liabilities (for example, incurrence of a new debt and redemption of an existing debt) are netted. Second, changes in financial assets and changes in liabilities (or, in the balance sheet, financial assets and liabilities themselves) related to a given financial instrument are netted. As a matter of principle, the System discourages netting beyond the degree shown in the classifications of the System. Netting financial assets (changes in financial assets) against liabilities (changes in liabilities) is

especially to be avoided. Netting is discussed in <chapters III, Transactions and Accounting Rules and XI, Financial Account>.

D. The Accounts

1. Introduction

85. With the tools introduced in sections B and C, all flows and stocks can be recorded. This is done in the accounts of the System. An account is a tool which records, for a given aspect of economic life, the uses and resources or the changes in assets and the changes in liabilities or/and the stock of assets and liabilities existing at a certain time.

86. Accounts can be built up for the categories presented in the previous section:

- the institutional units and sectors,
- the transactions,
- the rest of the world (the external transactions),
- the assets and liabilities,
- the establishments and industries,
- the products, and
- the purposes.

87. For units (institutional units; establishments) or groups of units (institutional sectors and, by extension, the rest of the world; industries), different sub-accounts record the transactions or other flows which are connected to some specific aspect of the economic life (for instance production). Such a set of transactions usually does not balance; the total amounts recorded as receivable and payable usually differ. Therefore, a balancing item must be introduced. Usually, a balancing item must also be introduced between the total of assets and the total of liabilities of an institutional unit or sector. Balancing items are meaningful measures of economic performance in themselves. When summed up for the whole economy, they constitute significant aggregates.

88. Before entering into the details of the accounts, it is useful to survey the structure of the central framework. This can be done by looking at chart II.1. The central framework thus consists of the following:

(1) the Integrated Economic Accounts in which are presented the full set of accounts of institutional sectors and the rest of the world, together with the accounts for transactions (and other accumulation entries) and the accounts for assets and liabilities; it is worth noting at this preliminary stage that the relations between sectors ("from whom to whom?") are not directly depicted in this table;

(2) the supply and use table in which are integrated the accounts of industries, according to kind of economic activity, and the accounts of transactions in goods and services, according to type of product;

(3) the three-dimensional analysis of financial transactions and stocks of financial assets and liabilities in which the relations between sectors ("from whom to whom?") are directly depicted;

(4) the functional analysis in which certain transactions of institutional sectors are presented according to the purpose they serve;

(5) the population and employment tables.

89. These various blocks, which altogether constitute the central framework, are inter-linked in various ways that are described later on. They are fully consistent because they use the same set of concepts, definitions, classifications and accounting rules.

90. Two sections are devoted successively to:

(1) the Integrated Economic Accounts and their components,

and

(2) the other parts of the accounting structure.

2. The Integrated Economic Accounts and their components

91. This section starts with a preliminary view of the Integrated Economic Accounts. Then it presents:

(1) the full sequence of accounts for institutional units and sectors and their balancing items,

(2) the transactions accounts,

(3) the assets and liabilities accounts,

(4) the rest of the world accounts,

(5) the aggregates,

and

(6) the Integrated Economic Accounts: a complete view.

a. A first glance at the Integrated Economic Accounts

92. The Integrated Economic Accounts are at the centre of the accounting framework. They provide an overall view of a given economy. It is useful to take a first glance at them through the simplified presentation in chart II.2. They will be described more completely after the various accounts have been introduced in detail.

93. Chart II.2 shows that, in columns, the Integrated Economic Accounts include the accounts of institutional sectors (on both sides, there is, of course, a column for each sector, which is not shown separately here). These accounts are structured in three sub-sets, for current accounts, accumulation accounts and balance sheets. The current accounts record production and the distribution and redistribution of income; they show how disposable income is used for final consumption; they end with saving. The accumulation accounts record all changes in assets and liabilities, and consequently all changes in the difference between assets and liabilities--that is, in net worth--which occur in a given period. Balance sheets record the stocks of assets and liabilities, and the difference between them, which exist at the opening and the closing of the accounting period. There is also a column for the rest of the world.

94. The central column includes the transactions, balancing items and assets and liabilities ordered according to the structure of the accounts referred to above. Thus, in a row for a given transaction, such as interest, the chart shows the payables and the receivables by the various institutional sectors and the rest of the world. Each account for a given transaction is in principle balanced: the sum of interest payable is equal to the sum of interest receivable. A transactions account is a dummy account. It does not show how much interest is payable/receivable by an institutional sector to/from each of the institutional sectors or the rest of the world, but only how much interest is payable and receivable in total by each sector. Transactions in goods and services are a special case, because there is a unique balance for all transactions in goods and services and not for each of them. For this reason, a special column corresponds to the Goods and Services Account. As explained later on, each transaction in goods and services (production, final consumption, etc.) appearing in the accounts of the institutional sectors is reflected in this column.

95. The Integrated Economic Accounts also include a column for the sum of the (resident) institutional sectors, that is, the total economy as a whole. Thus the aggregates for the total economy are directly visible. These aggregates are the sums of various transactions and, more importantly, of balancing items.

96. We now turn to the detailed presentation of the elements which are shown altogether in the Integrated Economic Accounts. As this explanation is a rather long one, it is useful to have a look to chart II.3, which includes a synoptic presentation of the accounts, balancing items and main aggregates and shows how they are articulated. The various elements appearing in chart II.3

are presented in the following sub-sections.

b. The full sequence of accounts for institutional units and sectors and their balancing items

97. Before presenting the full sequence of accounts for institutional units and sectors, some preliminary remarks are useful. The purpose of this sub-section is to explain the accounting structure of the System in general, not to show the precise content of the accounts for each specific unit or sector. The accounting structure is uniform throughout the System. It applies to all institutional units, sub-sectors, sectors and the total economy. However, some accounts may not be relevant for certain sectors. Similarly, not all transactions are relevant for each sector and, when they are, they may constitute resources for some sectors and uses for others. The precise content of the accounts for each sector is presented in the following chapters, dealing in detail with the various types of accounts.

98. Another remark relates to the way the classification of transactions is used when presenting the general structure of the accounts. Section B of this chapter shows only the main categories of transactions, not the detailed ones which are displayed in the relevant chapters of the manual. However, in order to make the accounts clear, it is necessary to include a number of transactions. This is done by using the actual classification of transactions in the System at a level of detail sufficient for a good understanding of the accounts. However, definitions of these transactions are not given at this stage, unless absolutely necessary.

99. It is also worth noting that balancing items can be expressed gross or net, the difference being the consumption of fixed capital. Conceptually, net balancing items are much more meaningful. However, gross concepts, specifically gross aggregates, are widely used and gross accounts are often estimated more easily, accurately and promptly than the net ones. In order to accommodate both solutions and to ease the integrated presentation of the accounts and aggregates, a double presentation of balancing items is allowed.

100. Finally, it has to be said that the sequence of accounts shows the accounting structure of the System; it is not necessarily a format for publishing the results.

101. The accounts are grouped into three categories: current accounts, accumulation accounts, balance sheets.

102. Current accounts deal with production, income and use of income. Accumulation accounts cover changes in assets and liabilities and changes in net worth (the difference for any institutional unit or group of units between its assets and liabilities). Balance sheets present stocks of assets and liabilities and net worth.

Current accounts: production, distribution of income, use of income,

Accumulation accounts: changes in assets and liabilities and changes in net worth,

Balance sheets: stocks of assets and liabilities and net worth.

103. Accumulation accounts show all changes which occur between two balance sheets. Even when balance sheets are not compiled, a clear understanding of the conceptual relationship between accumulation accounts and balance sheets is necessary if the accumulation accounts themselves are to be correctly elaborated.

104. The relation between current accounts and accumulation accounts is a bit more complex. All current transactions make net worth vary either positively (in the case of resources) or negatively (uses). The recording of a transaction as a current resource means an increase in the amount of economic value a unit or a sector has at its disposal; conversely, a transaction recorded as a current use means a decrease in this amount of economic value. The difference between all current uses and all current resources (saving) represents, for a given period, the change in net worth resulting from current transactions. However, the latter are not the only source of changes in net worth. These points are elaborated further below.

105. These three broad kinds of accounts are examined in turn.

(i) Current Accounts

106. Current accounts deal with production, distribution of income and use of income. Each account starts with the recording, as resources, of the balancing item of the previous one. The last balancing item is saving which, in the SNA context, is that part of income originating in production, domestically or abroad, which is not used for final consumption.

107. Production, distribution of income and use of income are considered successively.

(a) Production Account (Account I)

108. The Production Account (Account I), shown in table II.1.a, is designed to emphasise value added as one of the main balancing items in the System. Consequently, it does not cover all transactions linked with the production process, but only the result of production (output) and the using up of goods and services when producing this output (intermediate consumption). Intermediate consumption does not cover the progressive wear and tear of fixed capital. The latter is recorded as a separate transaction (consumption of fixed capital) making the difference between the gross and net balancing

items.

Production Account ---> value added

109. Thus the Production Account shows only output as resources and intermediate consumption as uses; the balancing item is value added, which is measured both gross and net. 3/ As explained above (see valuation), different types of valuation of output may be used according to the choice made between basic prices and producers' prices and, in the latter case, the existence or absence of value added type taxes. Consequently, the extent to which taxes (less subsidies) on products are included in value added differs.

110. All institutional sectors have a production account. However, in the Production Account of institutional sectors, output and intermediate consumption are shown in total only, not broken down by products.

(b) Distribution of Income Accounts

111. The process of distribution and redistribution of income is so important that it is worth distinguishing various steps and depicting them separately in different accounts. As long as all kinds of distributive current transactions included in the System are actually measured, increasing the number of accounts adds very little to the work already done, but it allows the introduction of balancing items that are meaningful concepts of income.

112. The distribution of income is decomposed into three main steps: primary distribution, secondary distribution and redistribution in kind. The first refers to the distribution of value added to factors of labour and capital and to government (through taxes, less subsidies, on production and imports). It measures the balance of primary incomes. The second covers redistribution of income through, essentially, transfers in cash. It measures disposable income. The last one relates to further redistribution through transfers in kind. It measures adjusted disposable income.

3/ The fact that balancing items can be expressed in gross or in net terms is not repeated in the presentation of the other accounts.

Distribution of income

Primary distribution of income ---> balance of primary incomes

Secondary distribution of income ----> disposable income

Redistribution of income in kind ---> adjusted disposable income

(c) Primary Distribution of Income Accounts (Accounts II.1)

113. The Primary Distribution of Income Account shows how gross value added is distributed to factors of labour and capital, government and, where necessary, flows to and from the rest of the world. Its balancing item is the balance of primary incomes.

114. Actually Account II.1 is subdivided between two sub-accounts, in order to measure, in addition, operating surplus/mixed income, a balancing item which is important both for institutional sectors and industries.

115. The Generation of Income Account (Account II.1.1), shown in table II.1.b, records, from the point of view of producers, distributive transactions which are directly linked to the process of production. The resources consist of value added; its uses include compensation of employees, and taxes on production and imports, less subsidies, as far as they are included in the valuation of output (see <<paragraph 71>>). The balancing item is operating surplus/mixed income. 4/

116. The Allocation of Primary Income Account (Account II.1.2) shows the remaining part of the primary distribution of income. It records, for each sector, property income receivable and payable, and compensation of employees and taxes, less subsidies, on production and imports receivable, respectively, by households and government. Since transactions of this kind may appear in the Rest of the World Account, these must be included also. Account II.1.2 has operating surplus/mixed income as resources and balance of primary incomes as a balancing item. Thus primary income covers operating surplus/mixed income, net property income, compensation of employees and taxes, less subsidies, on production and imports receivable.

117. For sectors which are important market producers--that is, for non-financial and financial corporations, and households--the Allocation of Primary Income Account is further subdivided in order to show an additional balancing item, entrepreneurial income, which is closer to the concept of

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4/ This balancing item is called mixed income in the case of the household sector, except for the operating surplus of the services of owner occupied dwellings, because it covers return both to labour of self-employed and capital.

current profit familiar in business accounting. This balancing item and the related sub-accounts are presented in <chapter VII, Primary Distribution of Income Accounts>.

(d) Secondary Distribution of Income Account (Account II.2)

118. The Secondary Distribution of Income Account, shown in table II.1.c, covers in principle redistribution of income through transfers in cash only, in order to distinguish two steps in the redistribution process, one through transfers in cash, the other through transfers in kind. This distinction is made in the relations between households from one side, general government and NPIs from the other. However, it is not significant in the case of corporations and the rest of the world. For this reason, transfers in kind to and from corporations or the rest of the world are recorded in the Secondary Distribution of Income Account, as if they were in cash. This does not prevent showing them separately.

119. This account records as resources, in addition to balance of primary incomes, current taxes on income, wealth, etc. and other current transfers except social transfers in kind. On the use side, the same types of transfers are also recorded. Since these transfers are resources for some sectors and uses for others also, their precise content varies from one sector to another.

120. It is worth explaining in some detail here the way social contributions are recorded in the System. Although employers normally pay social contributions on behalf of their employees directly to the social security funds, in the System these payments are treated as if they were made to employees who then make payments to social security. In terms of the accounts, this means that they first appear as a component of compensation of employees in the use side of the Generation of Income Account (Account II.1.1) of employers and the resource side of Allocation of Primary Income Account (Account II.1.2) of households (adjusted of course for external flows in compensation of employees). Then they are recorded as uses in the Secondary Distribution of Income Account (Account II.2) of households (and possibly of the rest of the world), and as resources of the sectors managing social protection schemes (essentially government). All employers' social contributions follow this route. This way of recording transactions as if they followed another course is often called "rerouting".

121. The balancing item of Account II.2 is disposable income. This is the income which can be used for final consumption expenditure and saving. Disposable income is mainly in cash. However it also involves an in-kind component. The latter includes compensation of employees in kind, transfers in kind from the rest of the world and corporations (if any), own-account consumption, own-account fixed capital formation and that part of output for sale which has not yet been sold and is recorded under changes in inventories. For non-financial and financial corporations, disposable income is income after tax not distributed to owners of equity.

(e) Redistribution of Income in Kind Account (Account II.3)

122. The Redistribution of Income in Kind Account, shown in table II.1.d, shows two more elements in the description of the redistribution process. Firstly, it records social benefits in kind, which include both benefits for which the recipient household does not incur the expense and benefits for which the household makes the initial outlay and is later reimbursed. Secondly, it records the transfer of individual non-market goods and services, like education, not included in social benefits in kind. All these transactions are included under the heading of social transfers in kind in the classification of distributive transactions.

123. Account II.3 records as resources disposable income and, for households, social transfers in kind. Then, on the uses side, social transfers in kind appear for government and NPIs serving households. The balancing item is adjusted disposable income 5/. Because of the nature of the transactions concerned, this account appears only for government, households and NPIs serving households.

124. The purpose of this account is fourfold. Firstly, it aims at giving a clearer picture of the role of government. Secondly, it delivers a more complete measure of household income. Thirdly, it facilitates international comparisons and comparisons over time when economic and social arrangements differ or change. Fourthly, it gives a more complete view of the redistribution process between sub-sectors or other groupings of households. Redistribution of income in kind is a tertiary distribution of income.

(f) Use of Income Account (Account II.4)

125. The Use of Income Account (Account II.4) shows, for those sectors which have some final consumption, how disposable income or adjusted disposable income is allocated between final consumption and saving. In the System, only government, NPIs serving households and households have final consumption. In addition, the Use of Income Account includes, for households and for pension funds, an adjustment item (D.8 Adjustment for the change in net equity of households on pension funds) which relates to the way transactions between households and pension funds are recorded in the System. This adjustment item, which is explained in <chapter IX, The Use of Income Accounts>, is not discussed here. There are two variants of accounts II.4.

126. The Use of Disposable Income Account (Account II.4.1), shown in table II.1.e, records disposable income as resources and final consumption expenditure as uses, as well as the adjustment item referred to above, when

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5/ Adjusted disposable income is conceptually very close to the item "total income" used for a long time in the work on SNA/MPS links.

relevant.

127. Final consumption expenditure covers transactions on final consumption of goods and services for which a sector is the ultimate bearer of the expense. Government and NPIs serving households produce non-market goods and services in their production account, where intermediate consumption or compensation of employees are recorded as uses. Final consumption expenditure of these producers relates to the value of their output of non-market goods and services, less their receipts from the sale of non-market goods and services at prices which are not economically significant. However, it also covers goods and services that are purchased by government or NPIs for ultimate transfer, without transformation, to households.

128. The Use of Adjusted Disposable Income Account (Account II.4.2), shown in table II.1.f, records adjusted disposable income as resources and actual final consumption as uses, as well as the adjustment item referred to above, when relevant. Actual final consumption of households covers goods and services which are effectively available for individual consumption by households, regardless of whether the ultimate bearer of the expense is government, NPIs or households themselves. Consequently, actual final consumption of government refers only to collective consumption, whereas NPIs, whose final consumption expenditure is deemed to be in total individual, have no actual final consumption.

129. At the total economy level, disposable income and adjusted disposable income are equal, as are final consumption expenditure and actual final consumption. They differ only when considering the relevant sectors. For each sector, the difference between final consumption expenditure and actual final consumption is equal to social transfers in kind, provided or received. It is also equal to the difference between disposable income and adjusted disposable income.

130. The balancing item of the Use of Income Account, in its two variants, is saving. The figures for saving are the same in Account II.4.1 and II.4.2 as income in the resources side and consumption on the uses side differ by the same amount. Saving ends the sub-sequence of current accounts.

Use of income

Use of disposable income ->final consumption expenditure

↘ saving
↗

Use of adjusted disposable income ->actual final consumption

(ii) Accumulation accounts

131. Because the present accounting system is fully integrated, accumulation accounts cover all changes in assets, liabilities and net worth (the difference for any sector between its assets and liabilities).

132. As accumulation accounts show changes in assets, liabilities and net worth, they follow a presentation similar to balance sheets themselves. Balance sheets are conventionally presented with assets on the left side, liabilities and net worth on the right side. Consistently, in the accumulation accounts, all changes in assets, either positive or negative, are recorded on the left side; all changes in liabilities, either positive or negative, and changes in net worth, either positive or negative, are recorded on the right side. So, as already explained in section B, the left side is called "Changes in assets" and the right side "Changes in liabilities and net worth".

133. Saving, being the balancing items of all current transactions/accounts, is, of course, the starting element of accumulation accounts.

134. Accumulation accounts are structured in a way which permits various types of changes in assets, liabilities and net worth to be distinguished.

135. A first group of accounts covers transactions which would correspond to all changes in assets/liabilities and net worth if saving and voluntary transfers of wealth were the only sources of changes in net worth. A second group of accounts relates to changes in assets, liabilities and net worth due to other factors.

136. The first group of accumulation accounts contains the Capital Account and the Financial Account. These two accounts are distinguished in order to show a balancing item which is useful for economic analysis, that is, net lending/net borrowing.

(a) Capital Account (Account III.1)

137. The Capital Account, shown in table II.1.g, records transactions linked to acquisitions of non-financial assets and capital transfers involving the redistribution of wealth. The right side includes saving, net, and capital transfers receivable and capital transfers payable (with a minus sign) in order to arrive at that part of changes in net worth due to saving and capital transfers. Account III.1 includes among uses the various types of investment in non-financial assets. Because consumption of fixed capital is a negative change in fixed assets, it is recorded, with a negative sign, on the left side of the account. Entering gross fixed capital formation (+) and consumption of fixed capital (-) on this side is equivalent to entering net fixed capital formation. The balancing item is either net lending (+), which measures the net amount a unit or a sector finally has available to finance, directly or indirectly, other units or sectors, or net borrowing (-), which corresponds to

the amount a unit or a sector finally is obliged to borrow from others.

(b) Financial Account (Account III.2)

138. The Financial Account, shown in table II.1.h, records transactions in financial instruments for each financial instrument. These transactions in the System show net acquisition of financial assets on the use side or net incurrence of liabilities on the resource side. The balancing item is again net lending (+) or net borrowing (-), which appears this time on the right side of the account.

139. In principle, net lending or net borrowing is measured identically whichever account is considered. In practice, achieving this identity is one of the most difficult targets of national accounts.

140. The second group of accumulation accounts (Account III.3 Other Changes in Assets Accounts) covers changes in assets, liabilities and net worth which are due to factors other than the accumulation transactions recorded in the previous group of accounts. Examples are discoveries or depletion of subsoil resources, destruction by political events, such as war, or by natural catastrophes, such as earthquakes. Other changes in assets may also be linked with changes in the level and structure of prices. In the latter case, only the value of assets and liabilities is modified, not their volume. Factors such as discoveries of subsoil resources or earthquakes actually change the volume of assets, in the SNA sense. Thus the second group of accumulation accounts is subdivided between an account for other changes in volume of assets and an account for revaluation.

(c) Other Changes in Volume of Assets Account (Account III.3.1)

141. The Other Changes in Volume of Assets Account, shown in table II.1.i, records those exceptional events which cause not only the value but also the volume of assets and liabilities to vary. In addition to the kind of events referred to above, such as the consequences of war or earthquakes, this account also includes some adjustment elements like changes in classification and structure which may or may not have an influence on net worth (see <chapter XII, Other Changes in Net Worth>). The balancing item changes in net worth due to other changes in volume of assets is recorded on the right side.

(d) Revaluation Account (Account III.3.2)

142. The Revaluation Account, shown in table II.1.j, records holding gains or losses. It shows first nominal holding gains/losses. This item records the full change of value due to the change in specific prices of the various assets or liabilities since the beginning of the accounting period or the time of entry and the time of exit or the end of the accounting period.

143. Just as transactions and other flows in assets appear on the left of the account and transactions in liabilities on the right, so nominal gains (+) or losses (-) on assets appear on the left side of the Account III.3.2, while nominal gains/losses on financial liabilities are recorded on the right side. For a given unit or group of units, a positive revaluation of its financial liabilities is equivalent to a nominal holding loss; a negative revaluation of its liabilities is equivalent to a nominal holding gain. The balancing item of the account is changes in net worth due to nominal holding gains/losses.

144. The Revaluation Account is then subdivided between two sub-accounts. The first sub-account (Account III.3.2.1) shows the revaluation in proportion to the general price level which is obtained by applying, during the same periods of time, an index of the change in general price level to the initial value of all assets or liabilities, even to those that are fixed in monetary terms. The results of this operation are called neutral holding gains/losses because all assets and liabilities are revalued in exactly the same proportion. The balancing item of Account III.3.2.1 is called changes in net worth due to neutral holding gains/losses.

145. The second sub-account (Account III.3.2.2) shows the difference between the nominal holding gains/losses (Account III.3.2) and the neutral holding gains/losses (Account III.3.2.1). This difference is called real holding gains/losses. For instance, considering the left side (changes in assets) of this sub-account for a given unit or group of units, if the nominal holding gains/losses are higher than the neutral holding gains/losses, there is a real holding gain, due to the fact that on average the actual prices of its assets have increased more (or decreased less) than the general price level. In other words, the relative prices of its assets have increased. Correspondingly, a decrease in relative prices of its assets leads to a real holding loss. The balancing item of the Account III.3.2.2 is the total of real holding gains or losses, which is called changes in real net worth due to real holding gains/losses.

146. Each of the three types of holding gains or losses are subdivided according to the main groups of assets and liabilities, a decomposition which is necessary even in a simplified accounting presentation.

(iii) Balance sheets

147. The opening and closing Balance Sheets (Accounts IV.1 and IV.3), shown in table II.1.k, display assets on the left side, liabilities and net worth on the right side. Assets and liabilities, as previously explained, are valued at the prices of the date a balance sheet is established. Net worth, the difference between assets and liabilities, is the balancing item of balance sheets. It is equivalent to the present value of the stock of economic value a unit or a sector holds. In more detailed presentations of balance sheets, the various types of assets and liabilities are shown using the more detailed classification of assets and liabilities.

148. For each group of assets and liabilities, changes between the opening and closing Balance Sheets result from the transactions and other flows recorded in the accumulation accounts, including the changes in classification of assets and liabilities. Changes in net worth are equal to changes in assets less changes in liabilities.

149. The Account IV.2 Changes in Balance Sheet recapitulates the content of the accumulation accounts, that is, the total changes in assets and liabilities and the changes in net worth by main sources: saving and capital transfers, other changes in volume of assets and nominal holding gains/losses subdivided between neutral and real holding gains and losses. Saving and capital transfers, other changes in volume of assets and real holding gains/losses contribute to changes in real net worth; neutral holding gains/losses convert real net worth to nominal general purchasing power as of the end of the accounting period. Combined with the opening Balance Sheet (account IV.1), account IV.2 leads to the closing Balance Sheet (account IV.3).

150. Account IV.2 shows the relation in the SNA between saving (net) and changes in net worth. Saving (net) is equal to changes in net worth less capital transfers, less other changes in volume of assets, less revaluation. Considering only changes in real net worth, saving (net) is equal to changes in real net worth less capital transfers, less other changes in volume of assets, less real holding gains/losses. This relation between saving and changes in real net worth implies that the relation between disposable income or adjusted disposable income and changes in real net worth differs from Hicks' concept of income (see <chapter VIII, Secondary Distribution of Income and Redistribution of Income In Kind Accounts>).

151. Because saving is a source of changes in real net worth, it follows naturally that all current transactions, of which saving is the balancing item, make real net worth vary either positively (resources) or negatively (uses). This illustrates the definition of net worth given above as a stock of (abstract) economic value. Most transactions in assets and liabilities do not change the magnitude of net worth, but only the nature of its components. Transactions in assets and liabilities corresponding to capital transfers and other accumulation flows also change the magnitude of net worth. In general, both current and accumulation transactions and other flows deal with creation,

transformation, exchange, transfer or extinction of economic value.

c. The transactions accounts

152. A transactions account shows, for a given transaction or group of transactions (for example, interest), resources and uses for each sector (or industry if relevant) engaged in this type of transaction, but it does not show direct relations between transacting sectors. In other words, the account shows relations of the "what?/from whom?" type and "what?/to whom?" type, not relations of the "what?/from whom?/to whom?" type. Transactions accounts are basically dummy accounts, or screen accounts, in the System. Totals of resources and totals of uses balance by definition (practical difficulties might be encountered, of course); there is no balancing item. A transactions account is thus a way for recapitulating what may be found for a given transaction in the accounts of the various sectors/industries. The general structure of a transactions account is shown in table II.2, An Example of Transaction Account: Account for Property Income, using property income as an example. The type of transaction is indicated in the central column. There is a column for each institutional sector, for the total economy and for the rest of the world. The column total allows the identity between total uses and total resources in each row to be verified.

153. In order to make this structure workable systematically, the classification of transactions, referred to above, has been built up according to the nature of the transaction without specific reference to sector of origin or sector of destination.

154. In the case of transactions in goods and services, (products), the transactions account, shown in table II.3, is particularly important. The Goods and Services Account (Account 0) shows, for the economy as a whole or for groups of products, the total resources (output and imports) and uses of goods and services (intermediate consumption, final consumption, changes in inventories, gross fixed capital formation, acquisitions less disposals of valuables and exports). Taxes on products (less subsidies) are also included on the resource side of the accounts. The coverage of this item varies according to the way output is valued (see section C.3, "Valuation" above). The part (possibly the total) of taxes on products (less subsidies), that is not included in the value of output does not originate in any specific sector or industry; it is a resource of the total economy as such.

155. The Goods and Services Account can show either final consumption expenditure or actual final consumption. For the economy as a whole, the data for the two items are identical. However, they differ for the sectors involved when the Goods and Services Account is cross-classified with the classification of institutional sectors in order to show the resources and uses according to the institutional sector of origin or use.

156. An important feature of the Goods and Services Account is that it is balanced globally - that is, there is a balance between all uses and all

resources - not for each kind of transaction.

157. When looking at the Goods and Services Account by type of products, output and intermediate consumption are allocated by industry of origin or use, while other transactions are shown by sector (see the description of supply and use tables below).

158. Because it plays an extremely important role in the System , the Goods and Services Account receives a special coding, Account 0. The other transactions accounts are identified, if necessary, by the code of the relevant transaction.

159. Another feature of the Goods and Services Account is that uses are shown on the right side and resources on the left side. This is done in order to reflect transactions on the opposite side as compared to institutional sector accounts.

160. Accounts for other transactions simply follow the general model (see <<paragraph 152>>). For taxes, social contributions, social benefits and a number of other transactions, the nature of the recorded transaction easily identifies the "from whom to whom?" relation or a good approximation of it. In other cases, all sectors may have resources and uses and the interrelations are not shown explicitly. For interest, dividends and transactions in financial instruments, which are the most important cases, it is very useful, in addition to the dummy account procedure, to follow a "from whom to whom?" approach for practical and analytical purposes.

d. The assets and liabilities accounts

161. Transactions in assets and liabilities and other changes in assets appear in the accounts of institutional sectors and the transactions accounts already described. Stocks of assets and liabilities at the beginning and the end of the accounting period appear in the opening and closing Balance Sheets, respectively. All those data are combined in the assets and liabilities accounts.

162. The assets and liabilities accounts, shown in table II.4, record for each type of asset and liability, the opening stock at the beginning of the accounting period, the various types of changes which occur during this period and the closing stock at the end of it.

Opening stock

plus transactions recorded in the Capital Account, by type of transactions

plus transactions recorded in the Financial Account

plus other changes in volume of assets, by type of changes plus nominal holding gains/losses

of which:

- neutral holding gains/losses
- real holding gains/losses

equal Closing stock

Of course, changes may be positive or negative. In the sequence of accounts for institutional units and sectors, this relation between balance sheets and accumulation accounts has been presented, for sake of simplicity, only for broad types of assets (non-financial assets, distinguishing produced and non-produced ones, and financial assets) and for liabilities as a whole. However, in the structure of the System, this relation exists for each type of asset and liability, according to the System's classification. Conceptually it exists for each elementary asset (a given dwelling or loan for example) or liability. Assets and liabilities accounts are identified by the code of the relevant asset.

e. The Rest of the World Account (External Transactions Account)

163. The Rest of the World Account covers transactions between resident and non-resident institutional units and the related stocks of assets and liabilities when relevant.

164. As the rest of the world plays a role in the accounting structure similar to that of an institutional sector, the Rest of the World Account is established from the point of view of the rest of the world. A resource for the rest of the world is a use for the nation and vice versa. If a balancing item is positive, it means a surplus of the rest of the world and a deficit of the nation, and vice versa if the balancing item is negative.

165. The Rest of the World Account (Account V), shown in table II.5, follows the general accounting structure, but it differs slightly in order to focus on the relevant characteristics of external transactions.

166. Current transactions are recorded in only two accounts. The first account, the External Account of Goods and Services (Account V.I), shows imports of goods and services as resources and exports of goods and services as uses. The balancing item is the external balance of goods and services. If positive, it is a surplus for the rest of the world and a deficit for the nation.

167. The second account, the External Account of Primary Incomes and Current Transfers (Account V.II), shows the following entries on both sides: compensation of employees; taxes, less subsidies, on production and imports; property income; current taxes on income, wealth, etc. and other current

transfers, receivable and payable, respectively, by the rest of the world. The balancing item of this account is the current external balance. It plays a role in the structure of the System equivalent to saving for institutional sectors.

168. The accumulation accounts are relevant, although for only a limited set of transactions. For example, Account V.III.3.1, Other Changes in Volume of Assets Account, would be needed only when uncompensated seizures occur. The External Assets and Liabilities Account is equivalent, with a reverse sign, to the part of the consolidated balance sheet of the economy which relates to financial assets and liabilities. For other domestic (non-financial) assets which are owned by non-residents, a notional institutional unit is always created. The rest of the world is deemed to have acquired a financial asset (and vice versa for assets owned in other economies by resident units).

f. The aggregates

169. The aggregates of the System - for example, value added, income, consumption and saving - are composite values which measure the result of the activity of the entire economy considered from a particular point of view. They are summary indicators and key magnitudes for purposes of macro-economic analysis and comparisons over time and space. The SNA aims to provide a simplified but complete and detailed picture of complex economies, so the calculation of the aggregates is neither the sole nor the main purpose of national accounting. Nevertheless, summary figures are very important.

170. Some aggregates may be obtained directly as totals of particular transactions in the System; examples are final consumption, gross fixed capital formation and social contributions. Others may result from summing up balancing items for the institutional sectors; examples are value added, balance of primary incomes, disposable income and saving. They may need some further elaboration. Some of them are so commonly used that they deserve additional explanation at this early stage.

171. Gross domestic product (GDP) at market prices represents the final result of the production activity of resident producer units.

172. Basically GDP is a concept of value added. It is the sum of gross value added of all resident producer units (institutional sectors or, alternatively, industries) plus that part (possibly the total) of taxes, less subsidies, on products which is not included in the valuation of output6/. Gross value

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6/ If basic prices are used for valuing output, GDP is equal to the sum of gross value added of all resident producer units plus all taxes on products (less subsidies on products). If producers' prices are used for valuing output, GDP is equal to the sum of gross value added of all resident producer units plus taxes on imports, less import subsidies - in absence of a value added tax system - or plus taxes on imports (less import subsidies) and value added type taxes - when added is the difference between output and intermediate consumption.

173. Secondly, GDP is also equal to the sum of the final uses of goods and services (all uses except intermediate consumption) measured in purchasers' prices, less the value of imports of goods and services.

174. Thirdly, GDP is also equal to the sum of primary incomes distributed by resident producer units.

175. Net domestic product at market prices (NDP) is obtained by deducting the consumption of fixed capital from GDP.

176. The concept of value added should conceptually exclude the counterpart of consumption of fixed capital. The latter, in effect, is not newly created value, but a reduction in the value of previously created fixed assets when they are used up in the production process. Thus, theoretically, value added is a net concept.

177. This conclusion applies to domestic product as well. Theoretically, domestic product should be a net concept. However, GDP is commonly used for various reasons. The depreciation of fixed assets as calculated in business accounting does not generally meet the requirements of SNA concepts. The calculation of consumption of fixed capital requires that statisticians estimate the present value of the stock of fixed assets, the lifetime of various types of assets, patterns of depreciation, etc. Not all countries make such calculations, and when they do there may be differences in methodology (with some of them using business data even when inadequate). Consequently, gross figures are more often available, or available earlier, and they are generally considered more comparable between countries. So GDP is broadly used even if it is, on a conceptual basis, less relevant than net domestic product. However, net domestic product should also be calculated, with improved estimates of consumption of fixed capital when necessary, in order to provide a significant tool for various types of analysis.

178. Neither gross nor net domestic product is a measure of welfare. Domestic product is an indicator of overall production activity. As such, its interpretation relies heavily on the concept of production that is used in the System and the way the borderline between intermediate consumption and final uses is drawn. For example, non-remunerated housekeeping services are not included within the production boundary and so are not reflected in domestic product, and in-house training activities by enterprises are considered intermediate consumption, resulting in lower domestic product than would be the case if they were treated as final uses.

179. On the other hand, the significance of market prices determines the meaning of the values which are measured when compiling GDP. Firstly, no different value judgements are attached to certain goods or services in

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such a taxation system does exist.

comparison with others: a given amount of tobacco consumption is equivalent to the same amount of milk consumption; the same is true for education and defence, etc. Secondly, externalities, like the nuisances in urban buildings caused by noise, are not taken into account.

180. In addition, it should be noted that domestic product is not a concept of sustainable income to the extent that economic growth may depend on natural resources and changes in human capital and that exceptional events, like wars or floods, are treated as directly affecting assets and net worth without influencing the measures of product and income.

181. Primary incomes generated in the production activity of resident producer units are distributed mostly to other resident institutional units; however, part of them may go to non-resident units. Symmetrically, some primary incomes generated in the rest of the world may go to resident units. This leads to the definition and measurement of gross national income (GNI) at market prices. GNI is equal to GDP less primary incomes payable to non-resident units plus primary incomes receivable from non-resident units. In other words, GNI is equal to GDP less taxes (less subsidies) on production and imports, compensation of employees and property income payable to the rest of the world plus the corresponding items receivable from the rest of the world. Thus GNI at market prices is the sum of gross primary incomes distributed to resident institutional units/sectors. It is worth noting that GNI at market prices was called gross national product in the 1953 SNA, and it is commonly denominated GNP. In contrast to GDP, GNI is not a concept of value added, but a concept of income (primary income).

182. By deducting the consumption of fixed capital from GNI, net national income (NNI) at market prices is obtained. The remarks above about the conceptual relevance of the net concept in case of product apply even more strongly to national income. The remarks about welfare or sustainability also apply.

183. Primary incomes receivable by resident institutional units may be used in part to make transfers to non-resident units; reciprocally, resident units may receive transfers originating out of primary incomes in the rest of the world. Gross national disposable income (GNDI) is equal to GNI at market prices less current transfers (other than taxes, less subsidies, on production and imports) payable to non-resident units, plus the corresponding transfers receivable by resident units from the rest of the world. GNDI measures the income available to the nation for final consumption and gross saving. National disposable income is the sum of disposable income of all resident institutional units/sectors 7/.

7/ For the economy as a whole there is no difference between disposable income and adjusted disposable income, because current transfers in kind to or from the rest of the world are treated exactly in the same way as transfers in cash.

184. By deducting the consumption of fixed capital from GNDI, net national disposable income (NNDI) is obtained.

185. All the aggregates referred to above are calculated in current values. The influence of changes in prices may also be eliminated. Domestic product is calculated at constant prices in order to measure the change in volume which occurs from one period to another one. This may be done because output, intermediate consumption and taxes, less subsidies, on products can all be calculated at constant prices. On the other hand, aggregates of income may not be expressed in volume (at constant prices) because income flows may not, strictly speaking, be broken down between a quantity and a price component. They may be calculated at constant purchasing power, or in real terms. When moving from domestic product at constant prices to national income in real terms, the effect of changes in the terms of trade between the total economy and the rest of the world is taken into account (see <chapter XVI, Price and Volume Measures>).

186. The analysis of net worth is an integral part of the System. Changes in real national net worth is the sum of changes in net worth of all resident institutional sectors less the neutral holding gains/losses (that is, in proportion to general price level). They are equal to the sum of saving and capital transfers, other changes in volume of assets and real holding gains or losses.

187. Capital formation and final consumption grouped together constitute national expenditure - gross if gross fixed capital formation is included, net if only net fixed capital formation is considered.

g. The Integrated Economic Accounts: a complete view

188. It is now possible to put together the various elements which have been introduced in the previous sub-sections and to present in detail the Integrated Economic Accounts.

189. The Integrated Economic Accounts, shown in table II.6, give a complete picture of the accounts of the total economy, including balance sheets, in a way which permits the principal economic relations and the main aggregates to be shown. This table shows, simultaneously, the general accounting structure of the System and presents a set of data for the institutional sectors, the economy as a whole and the rest of the world.

190. The table takes its name from the fact that it assembles institutional sector accounts, the rest of the world accounts, transactions accounts and simplified assets and liabilities accounts. Uses, changes in assets and assets are on the left side; resources, changes in liabilities and net worth and liabilities are on the right side.

191. The columns refer to the institutional sectors and the rest of the world. There is also a column for the total economy and one for goods and

services. As a matter of convention, a reverse order is followed on the two sides.

192. The rows show the transactions and other flows (assets and liabilities for balance sheets), balancing items and some important aggregates. The presentation of transactions and other flows follows the structure of the sequence of accounts for institutional sectors. With a few exceptions that are explained below, the row for a given transaction (compensation of employees or social benefits in cash, for example) shows the transactions account for this transaction.

193. In order to make this table simple but comprehensive, classifications of sectors, accounts, transactions and other flows, assets and liabilities are at the highest level of aggregation compatible with understanding the structure of the System. It should be understood that sectors and rows can be subdivided to introduce sub-sectors or more detailed transactions.

194. Looking first at the institutional sectors current accounts, one can consider, for example, the columns for non-financial corporations. The Production Account shows output (5111) on the right side, intermediate consumption (2896) and value added (2215 gross, 1881 net, the difference referring to consumption of fixed capital 334) on the left side. Value added, the balancing item of the Production Account, appears again in the same row as a resource of the Generation of Income Account. Then the uses of this latter account - compensation of employees (1587) and other taxes, less subsidies, on production (14) 8/ - are shown on the left side, the balancing item being operating surplus (614 gross, 280 net) 9/, which appears again as a resource of the Appropriation of Primary Income Account. After recording property income receivable on the right (107), and payable on the left (343), balance of primary incomes (378, gross, 44 net) appears as the balancing item of this account and again as a resource of the Secondary Distribution of Income Account. This latter shows current taxes on income, wealth, etc., other current transfers, when appropriate, and disposable income (309 gross, -25 net) that is undistributed income of non-financial corporations, which for this sector is then equal to saving, the balancing item of the Use of Income Account.

195. The accounts for other institutional sectors may be read the same way, the relevant transactions varying according to the sector involved.

196. A peculiarity of the presentation of the accounts of households and government needs to be explained. In these cases, Accounts II.4.1 Use of

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8/ In this table, output is valued at basic prices. Consequently, taxes less subsidies on products do not appear at all in the account of producers.

9/ In order to lighten the presentation of the table, consumption of fixed capital which makes always the difference between gross and net balancing items has not been repeated, except when showing figures for saving.

Disposable Income Account and II.4.2 Use of Adjusted Disposable Income are combined, both figures appearing in these accounts being shown side by side. On the right side of the Use of Income Account, adjusted disposable income and disposable income, the balancing items, respectively, of accounts II.2 and II.3, appear on two successive rows. On the left side, actual final consumption and final consumption expenditure are also shown on two successive rows. Disposable income, net, is 1099 for general government, () for NPIs and 3016 for households. Social benefits in kind are 711 payable by government and 9 payable by NPIs serving households. Final consumption expenditure is 1156 for government, () for NPIs and 2702 for households. Thus adjusted disposable income, net, is 88 for government (1099 - 711), () for NPIs (-) and 3727 for household (3016 + 711). Actual final consumption for governments is () and for households is (). NPIs have no actual final consumption because the goods and services composing their final consumption expenditure are transferred in total to households as social transfers in kind.

197. Now we may look at the rest of the world accounts. They are presented from the viewpoint of the rest of the world; a resource of the rest of the world is shown on the right side, a use on the left side. The External Account of Goods and Services is shown at the same level as the Production Account for institutional sectors. Imports of goods and services (1093) are a resource for the rest of the world, exports (1124) are a use. The external balance of goods and services (-31) appears on the same row as value added net. With a positive sign, it is a surplus of the rest of the world (a deficit of the nation) and vice versa. The Other Current External Transactions Account covers all other current transactions. Starting with the external balance of goods and services (-31) as a resource on the same row as value added net on the right side, it shows the various kinds of taxes, compensation of employees and other current transfers when appropriate. The current external balance (-1) appears on the same row as saving net. Again, with a positive sign, it is a surplus of the rest of the world (a deficit of the nation) and vice versa.

198. It was stated above that the row for a given transaction generally shows the corresponding transactions account. For example, the row for property income shows that property income was payable by non-financial corporations (343), financial corporations (841), general government (116), households (116 too), NPIs ( ) and the rest of the world (191). In turn, it was receivable by non-financial corporations (107), financial corporations (874), general government (67), households (352), NPIs ( ) and the rest of the world (207). The total of payables is, of course, equal to the total of receivables (1607).

199. The presentation of transactions on goods and services is different. In this case, as explained when presenting transactions accounts (see <<paragraph 152>>), there is no balance for each type of transaction, such as exports or gross fixed capital formation, but a only global one between all uses and all resources of a good or service. Consequently, in the Integrated Economic Accounts, the Goods and Services Account is shown as a column, not in a row. It reflects the various transactions on goods and services which appear in the accounts of the institutional sectors. Uses of goods and services in the

institutional sectors accounts are reflected on the right-hand column for goods and services; in turn, resources of goods and services in the institutional sectors accounts are reflected on the left-hand column for goods and services. On the resources side of the table, the figures appearing in the column for goods and services are the counterparts of the uses made by the various sectors and the rest of the world: exports (1124), intermediate consumption (3775), final consumption expenditure/actual final consumption (3858), changes in inventories (-16) and gross fixed capital formation (905). On the use side of the table, the figures in the column for goods and servides are the counterparts of the resources of the various sectors and the rest of the world: imports (1093) and output (7947). On the same side taxes, less subsidies, on products (606) are shown directly in the column for goods and services. They are a component of the value of the supply of goods and services which has no counterpart in the value of the output of any institutional sector. 10/

200. The columns for the total economy remain. Except for taxes less subsidies on products and domestic product, the figures in these columns are simply the sum of the corresponding figures for the institutional sectors. The Production Account for the total economy includes, as resources, output - that is, the total output of the economy - (7947) and taxes less subsidies on products (606), the latter being the counterpart of the figure appearing on the left side in the column for goods and services. The uses side of the Production Account for the total economy shows intermediate consumption (3775) and domestic product at market prices (4778, gross, 4189), net. The latter is the sum of value added of the various sectors and taxes less subsidies on products. Domestic product then appears on the right side as a resource of the Generation of Income Account for the nation. Taxes less subsidies on products are shown again on the left side in the column for total economy and on the right side as a resource of government (and the rest of the world if relevant). This double routing of taxes less subsidies on products is made in order to get domestic product, gross and net, directly in the overall accounts, as explained above.

201. The other items in the columns for total economy are self-explanatory. National income at market prices (4747 gross, 4158 net) is shown directly as the sum of balance of primary incomes of the various sectors; national disposable income, national saving, etc. are also obtained directly.

202. The accumulation accounts in this table are presented exactly as in the sequence of accounts for the institutional sectors.

203. It may be seen, for example, that saving (net) of households is 314. Households receive 12 and pay 15 as capital transfers. Thus changes in their net worth due to saving and capital transfers is 311. Households have -4 as changes in inventories (a net decrease) and 328 as gross fixed capital

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10/ Of course if output was valued at producers prices, the amount of taxes on products (net) recorded here would be lower.

formation (168 as net fixed capital formation after deduction of consumption of fixed capital). Their acquisitions less deposits of non-produced assets (land actually) are -20, which means net sales of 20. The net lending of households is 167. They incurred financial liabilities (net) of 149 and acquired financial assets (net) of 316. No other changes in volume of assets are recorded for them during this period. The value of the assets held by households increase by 596 due to changes in actual prices of these assets; there are no nominal gains/losses on their liabilities, which means that all their liabilities are probably denominated in monetary terms and in the national currency of the economy in question.

204. The columns for goods and services show only changes in inventories, gross fixed capital formation, and acquisitions less disposals of valuables on the right side. Transactions appear in the columns for the rest of the world only when it is relevant (mainly capital transfers and financial transactions).

205. The Balance Sheets also are presented. Of course, the columns for goods and services are not used here. The rest of the world columns show the assets and liabilities position of the rest of the world vis-à-vis the nation (External Assets and Liabilities Account). The row "changes in net worth due to saving and capital transfers" corresponds, for the rest of the world, to the current external balance and capital transfers.

206. In order to see the relations between accumulation accounts and balance sheets, general government may be taken as the example. The opening assets are 2730 (1130 produced assets, +1600 financial assets) and the opening liabilities 1900, net worth thus being 830. The total value of produced assets increase by 109, which results from all changes in these assets recorded in the accumulation accounts (changes in inventories, 7; net fixed capital formation, 61, i.e., gross fixed capital formation, 144 - consumption of fixed capital, 83, nominal holding gains, 41). Non-produced assets increase by 2, which results from acquisitions less disposals of non-produced assets, 2. Financial assets increase by 102 (net acquisition of financial assets, 83; nominal holding gains, 19). On the left side, financial liabilities increase by 223, which results again from all changes in liabilities recorded in the accumulation accounts (net incurrence of financial liabilities, 217; nominal holding losses, 6 - remembering that a positive revaluation of liabilities in actual prices is equivalent to a holding loss for the debtor). So the closing assets are 2943 (1239 + 2 + 1702) and the closing liabilities are 2123; closing net worth, at 820, shows a decrease over the year of 10. The sources of this change in net worth are summarized in the right side of Account IV.2: changes in net worth due to saving and capital transfers, - 64 (see also the right side of the Capital Account) and changes in net worth due to nominal holding gains/losses, 54 (see also the right side of the Revaluation Account).

207. Taken in their entirety, the columns for the total economy show the sequence of accounts applied to the nation as a whole. In the table, these accounts correspond generally, in each row, to the sum of the values for the

resident institutional sectors. This means that they are not consolidated. It is possible, outside the table itself, to show the sequence of accounts for the total economy after consolidation of the relations between resident institutional sectors.

208. The Integrated Economic Accounts provide an overview of the economy as a whole. As already indicated, the integrated presentation contains much more than what has actually been included in the table and may be used for giving a more detailed view if desired. Columns might be introduced for sub-sectors. The rest of the world column could be subdivided according to various geographical zones. The column for goods and services may show market goods and services separately. The classification of transactions in the rows might be used at more detailed levels (see <chapter XIX, Applications and Extensions> for further elaboration of these suggestions).

209. However, putting more directly in this scheme at the same time would result in a very complicated and unmanageable table. For this reason, more detailed analysis of production and transactions in goods and services, transactions in financial instruments, detailed balance sheets, as well as analysis by purpose are done in other frameworks. These are presented successively, and their links with the Integrated Economic Accounts also explained.

3. The other parts of the accounting structure

a. The central supply and use table and other input-output tables

210. The detailed analysis of production by industries and flows of goods and services by kind of products is an integral part of the integrated central framework. It would be feasible to include such details in the Integrated Economic Accounts table. For example, the rows for output, intermediate consumption and value added might be subdivided by kind of economic activity; the columns for goods and services might be subdivided by type of products. However, the System does not adopt this solution. Firstly, the table would become cumbersome. Secondly, a systematic cross-classification of output and intermediate consumption by institutional sector and industry, even without a breakdown by product, is not an essential objective. Consequently, the System provides for such a cross-classification only as regards value added and its components (see <chapter XV, Supply and Use, Input-Output>).

211. The Integrated Economic Accounts contain only production and generation of income accounts by institutional sectors as well as a global balance of transactions on goods and services. The detailed analysis of production activities and goods and services balances is made in the input-output tables. The input-output framework of the System includes a number of different approaches as regards producing units, valuation of transactions, etc. They are presented in the relevant chapter.

212. The central input-output table (supply and use table) of the System

presents:

- the resources and uses of goods and services for each type of product
- the production and generation of income accounts for each industry according to kind of economic activity

The Goods and Services Account has already been presented (see above sub-section D.2.c). The sequence of accounts for establishments and industries is limited to the Production Account (Account I) and the Generation of Income Account (Account II.1.1). These accounts, shown in table II.7, are identical in format to the corresponding accounts for institutional units or sectors. However, in the supply and use table, the output and intermediate consumption of industries are broken down by products. Data on factors of production (labour and fixed capital) used by industries are also provided.

213. The supply and use table is presented fully in <chapter XV, Supply and Use, Input-Output> (table XV.1). It includes a number of specifications which are not necessary at this stage of the presentation of the accounting structure. Table II.8 shows a reduced format of the supply and use table. This reduced format is not a simplified version of the normal one and should not be used as such. It is intended only to introduce the overall structure of the supply and use tables.

214. The upper part of the table shows the origin of the resources of goods and services. In the rows, the various types of products are presented according to a classification which can be used at various levels of detail. In the columns, starting from the right side, imports are shown first. Then a matrix showing the output of industries, according to the activity classification, appears. This is the make matrix. It may be valued either at basic prices or at producers' prices in the absence of a value added tax (VAT), or at producers' prices in the presence of VAT. The actual figures in the table are at basic prices. The column for total industries records the total output of industries for each kind of product. The output of a given industry may cover a number of different products, the main one(s) and the secondary one(s).

215. Taxes, less subsidies, on products - with varying content according to the valuation of output - and trade and transport margins are recorded in two columns in order to get total supply of each type of product valued at purchasers' prices. The corresponding trade and transport services are deducted globally at the intersection between the relevant rows and the column for trade and transport margins. Thus the total of the latter is zero.

216. Below, uses of goods and services are recorded at purchasers' prices (i.e., including taxes, less subsidies, on products except deductible taxes) in a use or absorption matrix. The same classification of products is used in the rows. For each product, of course, total supply and total use in purchasers' prices are equal. Columns include successively intermediate

consumption of industries, again using the same classification as in the upper part; exports; final consumption expenditure and gross capital formation. The column for total industries records total intermediate consumption of industries for each kind of product.

217. As the columns for final consumption record first final consumption expenditure by institutional sectors, the column for government is further subdivided between individual consumption expenditure and collective consumption expenditure, in order to allow actual final consumption for households and government to be calculated.

218. The lowest part of table II.8 refers to gross value added and its components: compensation of employees, taxes, less subsidies, on products, other taxes, less subsidies, on production, operating surplus/mixed income (which is shown gross and net) and consumption of fixed capital. These rows appear only in the columns for industries and the total economy.

219. Looking at the table, it is easy to recognize the shortened sequence of accounts for industries (production and generation of income accounts) that has been presented above. For each industry, the composition of its output by product appears in the upper part of the table; then, below, intermediate consumption by product and components of value added can be seen, with total inputs equal total output. Data on factors of production of each industry are shown below: labour inputs, gross fixed capital formation and stocks of fixed assets, net.

220. The total gross value added of industries differs from GDP by the amount of taxes, less subsidies, on products not included in the value added of any industry. In order to get GDP directly in the supply and use table, a column for the total economy, distinct from total industries, is added in the lowest part of the table. It records first the components of value added which already appear in the column for total industries, and then taxes, less subsidies, on products. The latter are conveyed to the lowest part of the table through the column taxes, less subsidies, on products. This can be shown in the table: total value added of industries is 1,711. It excludes all taxes, less subsidies, on products because output is valued at basic prices. GDP (1844) appears at the intersection between the row Total gross value added/GDP and the column total economy. It is the sum of total gross value added (1711) and taxes, less subsidies, on products (133), which appears at the intersection between the row Taxes, less subsidies, on products and the column Total economy. 11/

221. The table as it stands provides simple links with the Integrated Economic Accounts. Exactly the same concepts and definitions and the same valuation are used for the central supply and use table and the institutional

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11/ If output were valued at producers' prices, figures for taxes, less subsidies, on products would appear partly in the column for these taxes, partly in the columns for industries.

sector accounts. Consequently, the global figures for output, imports of goods and services, taxes, less subsidies, on products, intermediate consumption, exports of goods and services, final national expenditure, gross value added and its components and of course GDP are the same in both tables. Uses at purchasers' prices are close to the way economic units generally look at them and provide figures most current analysts require in the first instance.

222. The three approaches to GDP (1844) appear in the supply and use table, as well as in the Integrated Economic Accounts:

- From the production side, GDP is equal to total output (3613) minus total intermediate consumption (1902) plus taxes, less subsidies, on products (133) not included in the value of output.

- From the demand side, GDP is equal to final consumption expenditure (1017 + 14 + 160 + 200) plus gross capital formation (407 + 5) plus exports (540) minus imports (499).

- From the income side, GDP is equal to compensation of employees (950) plus taxes, less subsidies, on production and imports (191), plus mixed income, gross (12), plus operating surplus, gross (691).

223. The central supply and use table integrates various approaches which are, at least regularly often, only followed in part. The lowest part of the table includes the breakdown of GDP by industry of origin which is familiar to many people. The two upper parts of the table correspond to the so-called commodity-flow approach. If one does not break down the intermediate consumption by industry of use, keeping only the total by product (Column for total industries), a simplified commodity flow approach may be followed. This permits the balancing of supply and disposition to be undertaken on a regular annual basis, even when intermediate consumption can not be analyzed with the same frequency for each industry according to its cost structure. Additionally, if detailed complete input-output tables are established from time to time, intermediate consumption cross-classified by industry and by product may be estimated for other years as a checking procedure for the balancing of the accounts. In brief, the central supply and use table (which is in fact an input-output table) may provide means of integrating regular analysis of production by industries and flows of goods and services, in the absence of more refined input-output analysis.

224. In addition to what is included in the normal format of the central supply and use table (table XV.?), the System includes a number of alternative supply and use or other input-output tables (see <chapter XV, Supply and Use, Input-Output>):

- Domestic and import components of uses may be shown separately.

- Output may be valued using alternative methods.
- Uses of goods and services may be valued in different ways: excluding trade and transport margins from the value of total supply of goods and routing them directly to the various uses as trade and transport services; valuing detailed uses at basic prices; combining these two alternatives, etc.
- Deliveries of industries to industries may be shown instead of indirectly linking industries - products - industries (symmetric input-output table).
- Industries may be defined in terms of totally homogeneous activities (symmetric input-output table).

b. The tables of financial transactions and financial assets and liabilities

225. The System provides for an in-depth analysis of financial transactions and financial assets and liabilities. In the Integrated Economic Accounts, transactions in financial instruments are shown using the most aggregated level of their classification and the institutional sectors are also shown at the first level. Opening and closing financial assets and liabilities are shown only globally. This is a first overview of an integrated presentation of all financial transactions, other changes and stocks of assets and liabilities of the various institutional sectors in the context of accounts and balance sheets covering all aspects of economic life in the SNA sense. The juxtaposition of the accounts for all institutional sectors and the rest of the world allows the derivation of a balance of transactions in financial instruments for each main category of the latter (see rows 52 to 58 in the Integrated Economic Accounts). In total, the Integrated Economic Accounts give an overall summary of the results of financial life.

226. However, one may want to know more about the financial transactions undertaken by a given sector. In that case, a more detailed level of the classification of financial instruments must be used. The Financial Account of each institutional sector showing the relevant details is presented in <chapter XI, Financial Account>. Equally, it is necessary for financial analysis purposes, to use the classification of institutional sectors at a more detailed level, especially in the case of financial corporations.

227. Grouping together the financial accounts for detailed sectors and sub-sectors and the detailed category of transactions in financial instruments results in a detailed table of financial transactions. In fact, this table is no more than an expansion of the financial part of the Integrated Economic Accounts. This table (or conceivable variants) uses the full classification of transactions and more detailed levels of the sectors classification, especially for financial corporations. In addition, many of the categories of financial instruments, but particularly currency and deposits, are subdivided

according to positions denominated in foreign currency and those denominated in national currency. Direct investment is recorded as a memorandum item (see <chapter >).

228. Tables cross-classifying financial instruments with debtor and creditor sectors, respectively, exhibit direct connections between debtors and creditors except when only one debtor sector or one creditor sector is involved. In order to show these links, which are very important for financial analysis, an additional three-dimensional approach is followed in the System. The objective is to show, firstly, for a given debtor sector and each type of financial instrument, which sectors have changed their creditor position toward the given one in the period. Secondly, conversely, the objective is to show, for a given creditor sector and each type of financial instrument, which sectors have changed their debtor position toward the given one in this period. Schematically, these relations may be summarized in table II.9, Financial Transactions Between Creditor and Debtor Sectors, reduced format. There is a column for each financial instrument. Then, for each debtor sector, changes in its debtor position toward each of the sectors (including itself when transactions between units composing this sector have not been consolidated) are shown successively. Of course, the symmetric information (changes in creditor position of a given sector toward the various sectors, including itself) is automatically provided for. The lower parts of the table show the totals which correspond exactly to those found in a two dimensional table of the kind referred to previously.

229. In fact, the three-dimensional table of financial transactions assembles a number of matrices of the type sectors/sectors, one for each kind of financial instrument.

230. As such a presentation is not necessarily useful for actually presenting the data, other presentation(s) may be preferred in practice for publication. For example, a detailed classification of financial instruments combined with a sector classification may be cross-classified twice with the sector classification, in order to show, from one side, changes in the debtor positions of the debtor sectors and, from the other side, changes in the creditor positions of the creditor sectors. As compared to the presentation of the financial accounts made in the Integrated Economic Accounts, this means, in short, introducing a sector distinction below headings of financial instruments when relevant (for a more complete explanation see <chapter XI, Financial Account>).

231. For financial analysis, tables showing stocks of financial assets and liabilities are very useful. As for transactions in financial instruments, these tables may show simply the assets position and the liabilities position of the various sectors without indicating which sector is the creditor or debtor of other sectors. In addition, three-dimensional tables may be elaborated showing the "from whom to whom?" links for each type of financial instrument, to permit better analysis. The presentation of such tables is exactly the same as for tables of financial transactions except that assets/liabilities are shown instead of changes in assets/liabilities and the

net financial position of each sector appears instead of its net lending/-borrowing.

c. Complete balance-sheets and assets and liabilities accounts

232. Balance sheets in the Integrated Economic Accounts are presented in a very aggregated way. For each sector or sub-sector more complete balance sheets may be built up using the detailed classification of assets and liabilities when appropriate. Changes in assets and liabilities for each sector may also be analyzed for each type of asset and liability and each source of change, as in table II.10, which is an integrated presentation of balance sheet and accumulation accounts, that is, a full presentation of the assets and liabilities accounts as described in <<paragraph 162>>.

233. Assets, liabilities, and net worth are shown in the rows. The first column relates to the opening Balance Sheet (at prices as of the beginning of the period), the last one to the closing Balance Sheet (at prices as of the end of the period). The columns in between indicate the changes in assets, liabilities, and net worth described in the accumulation accounts. Thus this table is a cross-classification of assets/liabilities/net worth and sources of change in them. If one wants to cross-classify systematically the various assets/liabilities and sources of changes as they appear in the classification of transactions and other accumulation entries used in the accumulation accounts, room has to be provided for more details. The column Capital and Financial Accounts may show separately gross fixed capital formation and consumption of fixed capital (if not, only net fixed capital formation is identified for each type of fixed asset). The column other Changes in Volume of Assets Account may also show the various types of such changes separately, when relevant, especially changes in classification and structure when they occur.

234. Such tables for all institutional sectors, the total economy and the rest of the world may all be put together in a synoptic table, which differs from the preceding one only by its size. Each column is simply subdivided, showing the main institutional sectors, the total economy and the rest of the world.

d. Functional analysis

235. As explained in section B, the purpose of a transaction is a different dimension from the ones which are dealt with in the previous tables. Some tables cross-classify, for certain sectors or sub-sectors, purposes and types of transactions when it is relevant. This is done for individual consumption, for most current and capital expenditure of government and for selected outlays of producers (see <chapter XVIII, Functional Analysis>). As compatible but different classifications are used according to the sector concerned, these partial analyses by purpose cannot be integrated in a single table and, in most cases, no significant total for the total economy may be

calculated in the central framework. The functional analysis can be further developed, outside the central framework, in satellite accounts in which significant national aggregates are calculated (see <chapter XXI, Satellite Accounts).

e. Population and labour inputs tables

236. A dimension is added to the usefulness of a number of national accounts figures by calculating these figures per head. For broad aggregates such as GDP or GNI or household final consumption, the denominator commonly used is the total (resident) population. When sub-sectoring the accounts or part of the accounts of the household sector, data on the number of households and the number of persons living in each sub-sector are also necessary.

237. In productivity studies, data on the labour inputs used by each industry in the process of production are indispensable. Total hours worked is the preferred measure of labour inputs for the System. Inferior alternatives are full-time equivalent jobs, the number of jobs or the number of persons employed.

238. Data on population and labour inputs must generally be adjusted in order to be consistent with the System's concepts, definitions and classifications. The resulting tables are an integral part of the SNA <see chapter XVII, Population and Labour Inputs>.

E. The Integrated Central Framework and Flexibility

1. Applying the central framework in a flexible way

239. The central framework presented in this chapter is coherent in terms of its concepts and its accounting structure. Links between the various elements of the integrated System have been emphasized in order to depict its structure in a simple but complete way. That presentation does not imply any order of priority or frequency (quarterly, annually, etc.) for implementing national accounts. Priorities in compiling national accounts are a matter of statistical policy; no universal recommendation can be made. (However, some indications relevant to specific circumstances are provided in the relevant Handbooks.) Similarly, the accounting structure does not imply that results always have to be presented exactly as they stand in this or other chapters. A country may choose to publish mainly time series, to prepare only some accounts or aggregates, etc. However, attention needs to be drawn to the following point. Because users may find it difficult to fully understand the conceptual and practical links between the various parts of the System, it is advisable to use the kind of presentation made in table II.6, Integrated Economic Accounts, with the appropriate adaptations to a country's circumstances and needs.

240. In general, the System has to be looked at in a consistent but flexible way. According to analytical requirements and data availability, emphasis put on various aspects within the central framework may vary. In general, emphasis may be varied by using the System's classifications of institutional sectors, industries, products, transactions (including the complementary classification), sequence of accounts, etc. at various levels of detail (including additional ones); by using different methods of valuation; by using different priorities for various parts of the accounts and different frequencies; by rearranging the results; by introducing some additional elements, etc.

241. The household sector provides a good illustration of what may be done in order to provide an in-depth analysis of the household conditions and the functioning of the economy as a whole. The necessary detailed approach to the household sector may be undertaken, firstly, by deconsolidating the household sector beyond the sub-sectors included in the main classification of the System, distinguishing, for instance, the type of economic activity carried out (formal/informal), the location of the household (urban/rural) or the level of skill. Secondly, it is possible to adapt the way household activities are portrayed in the sequence of accounts. For instance, a concept of discretionary income may be used, which relates to that part of disposable income which is provided in cash and on the use of which households may take decisions, or the classification of household transactions may be complemented, for example, to isolate in-kind components or to show the industry of origin of various types of income.

242. The flexibility of the System is further illustrated with the public sector, whose components are systematically shown at various levels of detail in the classification of institutional sectors. The components of the public sector may be re-arranged to group the accounts of the overall public sector. These accounts may be shown before consolidation and after consolidation to describe the relations between the public sector and the private sector and between the public sector and the rest of the world (by separating out the external transactions of the public sector).

243. <Chapter XIX, Application of the Integrated Framework to Various Circumstances and Needs> provides a more detailed analysis of the above examples. It also presents illustrations of flexible uses of the central framework in the field of key sector accounting, external accounts problems and high inflation analysis. Finally, it touches briefly upon quarterly and regional accounts.

2. Introducing social accounting matrices

244. A social accounting matrix (SAM) is a presentation of the SNA in matrix terms that incorporates whatever degree of detail is of special interest. To date, builders of SAMs have exploited the available flexibility to highlight special interests and concerns more than compilers of regular national accounts, displaying the interconnections, disaggregating the household sector, showing the link between income generation and consumption, etc. The power of a SAM, as well as of the SNA, comes from choosing the appropriate type of disaggregation to study the topic of interest. In addition to a flexible applciation and the inclusion of various complements, SAMs may incorporate more extensive adjustments, which are of a satellite accounting nature, in order to serve specific analytical purposes. For further explanation of the matrix presentation and SAMs, see the <annex to this chapter and chapter XX, Social Accounting Matrices>, respectively.

3. Introducing satellite accounts

245. In some cases, working with the central framework, even in a flexible way, is not sufficient. Even when conceptually consistent, the central framework could be overburdened with details. Moreover, some requirements may conflict with the central conceptual framework and its architecture.

246. In certain types of analysis, the basic intention is not to use alternative economic concepts, but simply to focus on a certain field or aspect of economic and social life in the context of national accounts. The intent is to make apparent and to describe in more depth aspects that are hidden in the accounts of the central framework or surface only in a limited number of points. Tourism is a good example. Various aspects of producing and consuming activities connected with tourism may appear in detailed classifications of activities, products and purposes. However, specific tourism transactions and purposes appear separately only in a few cases. In order to describe and measure tourism in a national accounts framework, it is necessary to make a choice between two approaches: Either subdivide many elements in the accounts of the central framework to get the required figures for tourism and pay the price of overburdening and imbalancing the various components of the accounts, or elaborate a specific framework for tourism. The latter approach, the only feasible one actually, also allows adaptation of the various classifications and measurement of additional aggregates, such as national expenditure on tourism, which may cover intermediate as well as final consumption.

247. In other types of analysis, more emphasis is given to alternative concepts. For instance, the production boundary may be changed, generally by enlarging it. For example, the production of domestic services by members of the household for their own final consumption may be brought within the production boundary. The concept of fixed assets and the related fixed capital formation may be broadened, by covering, for example, research and development expenditures, consumer durables or human capital. It is also

possible in environmental accounting to record the relations between natural assets and economic activities differently, by recording the depletion of subsoil or other natural resources and the degradation of natural assets. In these approaches, the economic process itself is depicted differently, and complementary or alternative aggregates are calculated.

248. The analysis of a number of important fields such as social protection, health or the environment may benefit from building a framework to accommodate elements which are included in the central accounts, explicitly or implicitly, plus complementary elements (either monetary or in physical quantities) and possibly alternative concepts and presentations. In all cases, however, the links with the central framework are made explicit, there are a number of common elements and any contradictory features are introduced, not by chance, but after explicitly considering various ways of looking at reality.

249. Those special constructs, which are semi-integrated with the central framework, are called satellite accounts. <Chapter XXI> is devoted to satellite analysis and accounts. Due to the importance of environmental concerns, a section in that chapter deals specifically with satellite accounts for environmental accounting.

CHAPTER II ANNEX

OTHER PRESENTATIONS OF THE ACCOUNTS

1. The SNA mainly uses the classical presentation of accounts in the form of balancing statements, with uses on one side and resources on the other side. Other types of presentation may be used.

A. Diagrammatic presentation

2. The diagrammatic presentation uses boxes linked together by arrows, to indicate the nature and size of the flows and stocks represented.

3. For the economy as a whole, figures corresponding to the ones which appear in the integrated economic accounts are shown in Chart II - Annex.1: A Diagrammatic Presentation of the Integrated Economic Accounts For the Total Economy.

4. A set of equations, which are described below, corresponds to this diagram.

B. Equations

5. The equalities of the System may be represented by sets of equations that are used, for example, in model building. The accounts for the total economy are shown below in equation form (the figures are the ones appearing on the above diagram):

(1) Gross domestic product (GDP) at market prices = Output + taxes, less subsidies, on products - intermediate consumption

4778 = 7947 + 606 - 3775

(2) Gross domestic product (GDP) at market prices = Final consumption expenditure/actual final consumption + changes in inventories + gross fixed capital formation + exports of goods and services - imports of goods and services.

4778 = 3858 - 16 + 905 + 1124 - 1093

(3) Gross national income (GNI) at market prices = GDP at market prices + taxes, less subsidies, on production and imports (net, receivable from abroad) + compensation of employees (net, receivable from abroad) + property income (net, receivable from abroad).

4747 = 4778 - 5 - 10 - 16

(4) Net national income (NNI) at market prices = GNI at market prices - consumption of fixed capital

4158 = 4747 - 589

(5) Net national disposable income (NNDI) = NNI at market prices + current taxes on income, wealth, etc (net, receivable from abroad) + social contributions and benefits and other current transfers (net, receivable from abroad).

4159 = 4158 + 1 + 0

(6) Net national disposable income (NNDI) = Final consumption expenditure/actual final consumption + saving, net

4159 = 3858 + 301

(7) Saving, net + capital transfers (net, receivable from abroad) = Changes in net worth due to saving and capital transfers

= Gross fixed capital formation - consumption of fixed capital + changes in inventories + acquisitions less disposals of valuables + acquisitions less disposals of non-produced non-financial assets + net lending (+)/net borrowing(-).

301 - 3 = 298

= - 16 + 905 - 589 + 0 - 2

(8) Net lending (+)/net borrowing (-) = Net acquisition of financial assets - net incurrence of liabilities

= Net acquisition of financial (external) assets - net incurrence of financial (external) liabilities

- 2 = 1630 - 1632

= 127 - 129

(9) Opening assets - opening liabilities = Opening net worth

38660 - 21200 = 17460

(10) Closing non-financial assets = Opening non-financial assets + gross fixed capital formation - consumption of fixed capital + changes in inventories + acquisitions less disposals of valuables + other changes in volume of assets + revaluation

18099 = 17260 - 16 + 905 - 589 - 2 + 541

(11) Closing financial assets = Opening financial assets + net acquisition of financial assets + revaluation

24001 = 21400 + 1630 + 971

(12) Closing liabilities = Opening liabilities + net incurrence of liabilities + revaluation

23793 = 21200 + 1632 + 961

(13) Changes in net worth = Changes in net worth due to saving and capital transfers + changes in net worth due to other changes in volume of assets + changes in net worth due to nominal holding gains/losses

847 = 298 - 2 + 551

(14) Closing assets - closing liabilities = Closing net worth

42100 - 23793 = 18307

(15) Closing net worth = Opening net worth + changes in net worth.

18307 = 17460 + 847

(16) Export of goods and services - imports of goods and services + taxes, less subsidies, on production and imports (net, receivable from abroad) + compensation of employees (net, receivable...) + property income (net, receivable...) + current taxes on income, wealth, etc. (net, receivable...) + social contributions and benefits and other current transfers (net, receivable...) + capital transfers (net, receivable...) = Net lending (+)/net borrowing (-)

= Net acquisition of financial (external) assets - net incurrence of financial (external) liabilities.

1124 - 1093 - 5 - 10 - 16 + 1 + 0 - 3 = - 2

= + 127 - 129

(17) Net lending (+)/net borrowing (-) + revaluation of financial (external) assets - revaluation of financial (external) liabilities = Changes in net external financial position

= (Closing financial (external) assets - closing financial (external) liabilities) - (opening financial (external) assets - opening financial (external) liabilities).

- 2 + 174 - 164 = + 8

= (3101 - 2893) - (2800 - 2600)

6. Equations (1) and (2) cover the production and goods and services accounts. All transactions in these equations correspond to arrows going to or from the boxes "production" and "goods and services" in the diagram.

7. Equations (3) to (6) cover the distribution and use of income accounts and the corresponding box in the diagram. The aggregates are not shown directly in the latter, but they are derived easily according to the relevant equations.

8. Equations (7), (8) and (13) cover the accumulation accounts and the box "accumulation" in the diagram.

9. Equations (9) to (15) correspond to opening and closing balance sheets and changes between balance sheets. They cover the boxes "opening stocks" and "closing stocks" and the changes between as they are shown in the diagram. Those changes are identical to the content of equations (7), (8) and (13), the revaluation being shown separately for the three types of assets and liabilities.

10. Equations (16) and (17) contain the external transactions (box "external transactions" in the diagram) and the external financial position of the nation presented from the point of view of the nation. The opening and closing positions and the changes between are shown in the diagram.

11. Thus, the diagram may be read by reading the equations, and the equations are illustrated by the diagram.

12. Similarly, the various parts of the System may be presented in equations form: the full sequence of accounts for institutional sectors, the shortened sequence of accounts for industries, the transactions accounts such as the Goods and Services Account, the rest of the world accounts, etc.

C. Matrix Presentation

13. Table II, Annex 1, Matrix Presentation of the Full Sequence of Accounts and Balancing Items for the Total Economy (reduced format), presents the figures corresponding to the ones that appear in the Integrated Economic Accounts for the Total Economy in matrix format. [Text describing the matrix presentation and a table presenting the expanded matrix will be added later.]

CHAPTER II - APPENDIX : FULL SEQUENCE OF ACCOUNTS AND BALANCING ITEMS FOR INSTITUTIONAL SECTORS

ACCOUNT I: PRODUCTION ACCOUNT

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08:41

I. Production account

uses		resources	
P.2	Intermediate consumption	P.1	Output (1)
B.1g	VALUE ADDED, GROSS (2)		
K.1	Consumption of fixed capital		
B.1n	VALUE ADDED, NET (2)		

(1) For the valuation of output and the resulting contents of the items "Taxes on products" and "Subsidies", please refer to the text in Chapter II, paragraphs 210-227.

(2) For the total economy this item corresponds to Gross Domestic Product, Net Domestic Product respectively. It is equal to the value added of the institutional sectors plus taxes less subsidies on products.

II. DISTRIBUTION AND USE OF INCOME ACCOUNTS

ACCOUNT II.1: PRIMARY DISTRIBUTION OF INCOME ACCOUNT

07-Aug-92
08:41

II.1.1 Generation of income account

uses		resources	
D.1	Compensation of employees	B.1	Value added (3)
D.2	Taxes on production and imports (1)		
D.3	Subsidies (-) (1)		
B.2/B.3	OPERATING SURPLUS / MIXED INCOME (3)		

(1) For the valuation of output and the resulting contents of the items "Taxes on products" and "Subsidies", please refer to the text in Chapter II, paragraphs 210-227.
(3) The opening and the closing balancing item of each account can be expressed in gross or in net terms.

II.1.2 Allocation of primary income account

uses		resources	
D.4	Property income	B.2/B.3	Operating surplus / Mixed income (3)
		D.1	Compensation of employees
B.5	BALANCE OF PRIMARY INCOMES (3)	D.2	Taxes on production and imports
		D.3	Subsidies (-)
		D.4	Property income

(3) The opening and the closing balancing item of each account can be expressed in gross or in net terms.

II.1.2.1 Entrepreneurial income account

uses		resources	
D.4	Property income (connected with market activities)	B.2/B.3	Operating surplus / Mixed income (3)
D.41	Interest		
D.44	Property income attributed to insurance policy holders		
D.45	Rent		
B.4	ENTREPRENEURIAL INCOME (3)	D.4	Property income (connected with market activities)

(3) The opening and the closing balancing item of each account can be expressed in gross or in net terms.

II.1.2.2 Allocation of other primary income account

uses		resources	
D.4	Property income (connected with market activities)	B.4	ENTREPRENEURIAL INCOME (3)
D.42	Distributed income of corporations	D.1	Compensation of employees
D.43	Reinvested earnings on direct foreign investment	D.2	Taxes on production and imports
D.4	Property income (not connected with market activities)	D.3	Subsidies (-)
		D.4	Property income (not connected with market activities)
B.5	BALANCE OF PRIMARY INCOMES (3)		

(1) For the valuation of output and the resulting contents of the items "Taxes on products" and "Subsidies", please refer to the text in Chapter II, paragraphs 210-227.
(3) The opening and the closing balancing item of each account can be expressed in gross or in net terms.

ACCOUNT II.2: SECONDARY DISTRIBUTION OF INCOME ACCOUNT

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uses		resources	
	II.2. Secondary distribution of income account		
D.5	Current taxes on income, wealth etc.	B.5	Balance of primary incomes (3)
D.61	Social contributions		
		D.5	Current taxes on income, wealth etc.
D.62	Social benefits other than benefits in kind		
		D.61	Social contributions
D.7	Other current transfers	D.62	Social benefits other than benefits in kind
		D.7	Other current transfers
B.6	DISPOSABLE INCOME (3)		

(3) The opening and the closing balancing item of each account can be expressed in gross or in net terms.

ACCOUNT II.3: REDISTRIBUTION OF INCOME IN KIND ACCOUNT

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08:41

II.3. Redistribution of income in kind account

uses		resources	
D.63	Social transfers in kind	B.6	Disposable income (3)
B.7	ADJUSTED DISPOSABLE INCOME (3)	D.63	Social transfers in kind

(3) The opening and the closing balancing item of each account can be expressed in gross or in net terms.

ACCOUNT II.4: USE OF INCOME ACCOUNT

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08:41

II.4.1 Use of disposable income account

uses		resources	
P.3	Final consumption expenditure	B.6	Disposable income (3)
D.8	Adjustment for the change in net equity of households on pension funds	D.8	Adjustment for the change in net equity of households on pension funds
B.8	SAVING (3)		

(3) The opening and the closing balancing item of each account can be expressed in gross or in net terms.

II.4.2 Use of adjusted disposable income account

uses		resources	
P.4	Actual final consumption	B.7	Adjusted disposable income (3)
D.8	Adjustment for the change in net equity of households on pension funds	D.8	Adjustment for the change in net equity of households on pension funds
B.8	SAVING (3)		

(3) The opening and the closing balancing item of each account can be expressed in gross or in net terms.

III. ACCUMULATION ACCOUNTS

ACCOUNT III.1: CAPITAL ACCOUNT

07-Aug-92
08:41

III.1 Capital account

changes in assets		changes in liabilities and net worth	
P.51	Gross fixed capital formation	B.8	Saving, net
K.1	Consumption of fixed capital (-)	D.9	Capital transfers receivable(+)
P.52	Changes in inventories	D.9	Capital transfers payable (-)
P.53	Acquisitions less disposals of valuables		
K.2	Acquisitions less disposals of non-produced non-financial assets		
B.9	NET LENDING(+)/NET BORROWING(-)	B.10.1	++++++++++++ CHANGES IN NET WORTH DUE TO SAVING & CAPITAL TRANSFERS (1)

(1) Total of the right-hand side of the capital account

ACCOUNT III.2: FINANCIAL ACCOUNT

07-Aug-92
08:41

changes in assets		changes in liabilities and net worth	
		III.2 Financial account	
F.1	Monetary gold and SDR's		
F.2	Currency and deposits	F.2	Currency and deposits
F.3	Securities other than shares	F.3	Securities other than shares
F.4	Loans	F.4	Loans
F.5	Shares and other equity	F.5	Shares and other equity
F.6	Insurance technical reserves	F.6	Insurance technical reserves
F.7	Other accounts receivable	F.7	Other accounts payable
		B.9	NET LENDING(+)/NET BORROWING(-)

Memo item: Direct foreign investment

ACCOUNT III.3: OTHER CHANGES IN ASSETS ACCOUNTS

07-Aug-92
08:41

changes in assets		changes in liabilities and net worth	
	III.3.1. Other changes in volume of assets account		
AN	Non-financial assets	AF.	Liabilities
AN.1	Produced assets		
K.4	Economic appearance of produced assets	K.7	Catastrophic losses
K.7	Catastrophic losses	K.8	Uncompensated seizures
K.8	Uncompensated seizures	K.10	Other volume changes in financial assets and liabilitites n.e.c.
K.9	Other volume changes in non-financial assets n.e.c	K.12	Changes in classifications and structure
K.12	Changes in classifications and structure		
AN.2	Non-produced assets		
K.3	Economic appearance of non-produced assets		
K.5	Natural growth of non-cltivated biological resources		
K.6	Economic disappearance of non-produced assets		
K.7	Catastrophic losses		
K.8	Uncompensated seizures		
K.9	Other volume changes in non-financial assets n.e.c		
K.12	Changes in classifications and structure		
AF.	Financial Assets		
K.7	Catastrophic losses		
K.8	Uncompensated seizures		
K.10	Other volume changes in financial assets and liabilitites n.e.c.		
K.12	Changes in classifications and structure	B.10.2	CHANGES IN NET WORTH DUE TO OTHER CHANGES IN VOLUME OF ASSETS

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08:41

III.3.2. Revaluation account

changes in assets		changes in liabilities and net worth	
K.11	Nominal holding gains(+)/losses(-)	K.11	Nominal holding gains(-)/losses(+)
AN.	Non-financial assets		
AN.1	Produced assets	AF.	Liabilities
AN.2	Non-produced assets		
AF.	Financial assets		
		B.10.3	CHANGES IN NET WORTH DUE TO NOMINAL HOLDING GAINS/LOSSES

III.3.2.1 Neutral Holding gains/losses

changes in assets		changes in liabilities and net worth	
K.11.1	Neutral holding gains(+)/losses(-)	K.11.1	Neutral holding gains(-)/losses(+)
AN.1	Produced assets		
AN.2	Non-produced assets	AF.	Liabilities
AF.	Financial assets		
AN.	Non-financial assets		
		B.10.3	CHANGES IN NET WORTH DUE TO NEUTRAL HOLDING GAINS/LOSSES

changes in assets		changes in liabilities and net worth	

III.3.2.2 Real holding gains/losses

K.11.2	Real holding gains(+)/losses(-)	K.11.2	Real holding gains(-)/losses(+)
AN.	Non-financial assets	AF.	Liabilities
AN.1	Produced assets		
AN.2	Non-produced assets		
AF.	Financial assets		
		B.10.3	**CHANGES IN NET WORTH DUE TO REAL HOLDING GAINS/LOSSES**

ACCOUNT IV: BALANCE SHEETS

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08:41

IV.1. Opening balance sheet

assets		liabilities net worth	
AN.	Non-financial assets	AF.	Liabilities
AN.1	Produced assets		
AN.2	Non-produced assets		
AF.	Financial assets	B.90	NET WORTH

IV.2. Changes in balance sheet

assets		liabilities net worth	
	Total changes in assets		Total changes in liabilities
AN.	Non-financial assets		
AN.1	Produced assets		
AN.2	Non-produced assets		
AF.	Financial assets	B.10	CHANGES IN NET WORTH, TOTAL
		B.10.1	SAVING AND CAPITAL TRANSFERS
		B.10.2	OTHER CHANGES IN VOLUME OF ASSETS
		B.10.3	NOMINAL HOLDING GAINS/LOSSES

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IV.3. Closing balance sheet

assets		liabilities net worth	
AN.	Non-financial assets	AF.	Liabilities
AN.1	Produced assets		
AN.2	Non-produced assets		
AF.	Financial assets	B.90	NET WORTH

Chart II.1. A survey of the Central Framework

Supply and use table

Accounts of industries by kind of economic activity

...

Accounts of transactions in goods and services by type of products

Integrated Economic Accounts

Institutional sectors and rest of the world

X

Accounts

X

Transactions and other flows

X

Assets/liabilities

Functional analysis

Institutional sectors

X

Purposes

X

Transactions

Population and employment tables

Three-dimensional analysis of

Financial transactions

Institutional sectors

X

Institutional sectors

X

Transactions in types of financial assets and liabilities

Stocks of financial assets and liabilities

Institutional sectors

X

Institutional sectors

X

Types of financial assets and liabilities

Note: X indicates "cross-classified by."

Chart II.2. Integrated Economic Accounts

(Simplified Presentation)

Goods and services	Rest of the world	Total economy	Institutional sectors	Transactions, balancing items, assets and liabilities	Institutional sectors	Total economy	Rest of the world	Goods and services

Current accounts

Uses

Resources

Accumulation accounts

Changes in assets

Changes in liabilities and net worth

Balance sheets

Assets

Liabilities and net worth

CHART II.3 A SYNOPTIC PRESENTATION OF THE ACCOUNTS, BALANCING ITEMS AND MAIN AGGREGATES

	ACCOUNTS			
	Full sequence of accounts for institutional sectors			
CURRENT ACCOUNTS	I. Production account	I. Production account (1)		
	II. Distribution and use of income accounts	II.1. Primary distribution of income accounts	II.1.1. Generation of income account (1) II.1.2. Allocation of primary income account	II.1.2.1. Entrepreneurial income account II.1.2.2. Allocation of other primary income account
		II.2. Secondary distribution of income account II.3. Redistribution of income in kind account II.4. Use of income account II.4.1. Use of disposable income account II.4.2. Use of adjusted disposable income account		
ACCUMULATION ACCOUNTS	III. Accumulation accounts	III.1. Capital account		
		III.2. Financial account		
		III.3. Other changes in assets accounts	III.3.1. Other changes in volume of assets account III.3.2. Revaluation accounts	
				III.3.2.1. Neutral holding gains/losses III.3.2.2. Real holding gains/losses
BALANCE SHEETS	IV. Balance sheets	IV.1. Opening balance sheet IV.2. Changes in balance sheet IV.3. Closing balance sheet		
	Transaction accounts			
0. GOODS AND SERVICES ACCOUNT	0. Goods and services account			

	Rest of the world account (External transactions account)			
CURRENT ACCOUNTS	V. Rest of the world account	V.I. External account of goods and services V.II. External account of factor income & current transfers		
ACCUMULATION ACCOUNTS		V.III. External accumulation accounts	V.III.1. Capital account	
			V.III.2. Financial account	
			V.III.3. Other changes in assets account	V.III.3.1. Other changes in volume of assets V.III.3.2. Revaluation accounts
BALANCE SHEETS		V.IV. External assets and liabilities account	V.IV.1. Opening balance sheet V.IV.2. Changes in balance sheet V.IV.3. Closing balance sheet	

(1) Apply also to industries

(2) Most balancing items and aggregates may be calculated gross or net

(3) Not a balancing item, but playing a similar role

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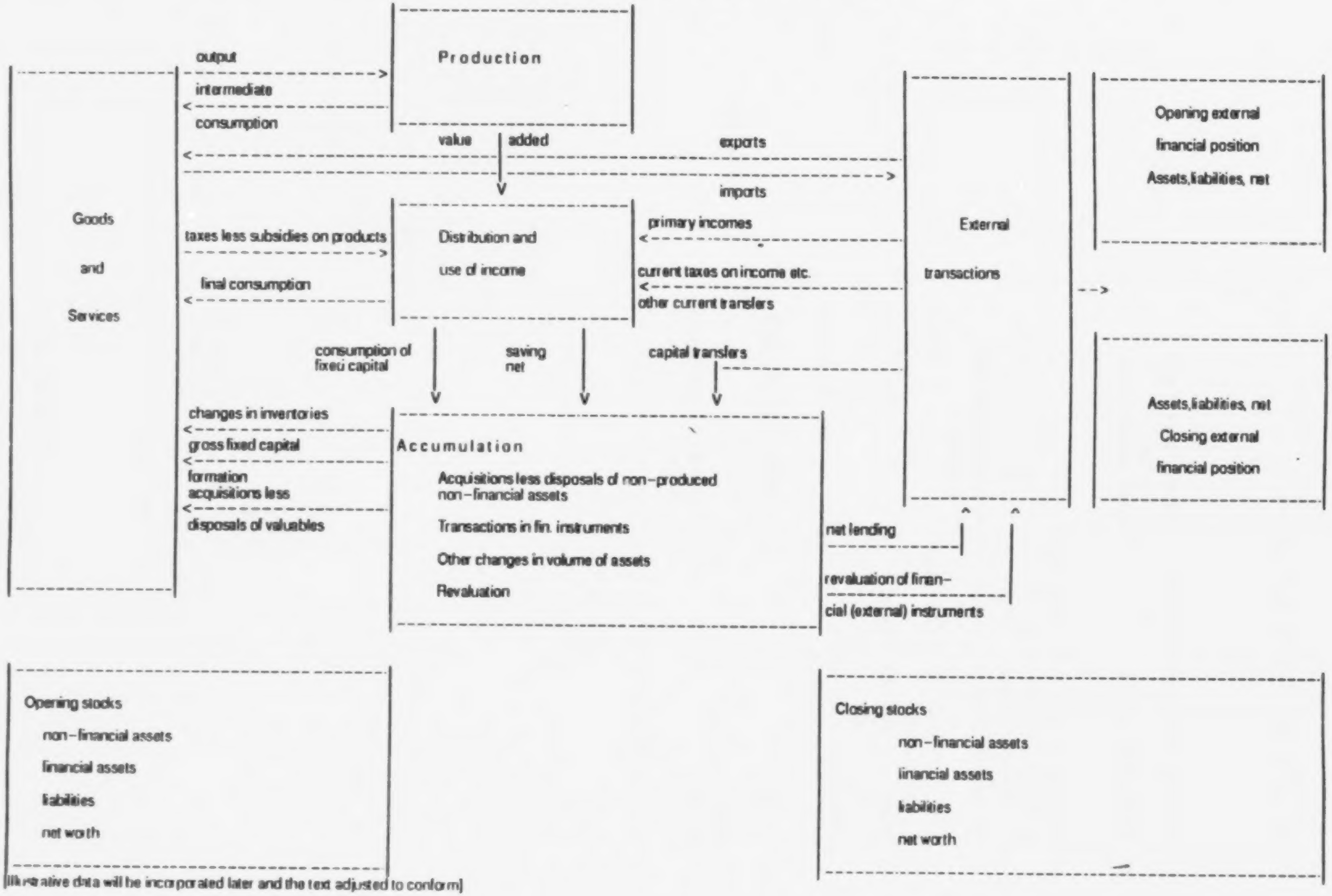
BALANCING ITEMS		MAIN AGGREGATES (2)
B.1	Value added	Domestic product (GDP/NDP)
B.2	Operating surplus	
B.3	Mixed income	
B.4	Entrepreneurial income	
B.5	Balance of primary incomes	National income (GNI,NNI)
B.6	Disposable income	National disposable income
B.7	Adjusted disposable income	
B.8	Saving	National saving
B.10.1	(Changes in net worth, due to saving and capital transfers) (3)	
B.9	Net lending/Net borrowing	
B.9	Net lending/Net borrowing	
B.10.2	Changes in net worth, due to other changes in volume of assets	
B.10.3	Changes in net worth, due to nominal holding gains/losses	
B.10.31	Changes in net worth, due to neutral holding gains/losses	
B.10.32	Changes in net worth, due to real holding gains/losses	
B.90	Net worth	National worth
B.10	Changes in net worth, total	Changes in national worth
B.90	Net worth	National worth
		National expenditure

B.11	External balance of goods and services	External balance of goods and services
B.12	Current external balance	Current external balance
B.10.1	(Changes in net worth due to current external balance and capital tranfers) (3)	
B.9	Net lending/Net borrowing	
B.9	Net lending/Net borrowing	Net lending/Net borrowing of the nation
B.10.2	Changes in net worth, due to other changes in volume of assets	
B.10.3	Changes in net worth, due to nominal holding gains/losses neutral holding gains/losses real holding gains/losses	
B.90	Net worth	Net external financial position of the nation
B.10	Changes in net worth	
B.90	Net worth	Net external financial position of the nation

CHART II - ANNEX 1: A DIAGRAMMATIC PRESENTATION OF THE INTEGRATED ECONOMIC ACCOUNTS FOR THE TOTAL ECONOMY


Goods
and
Services
output
intermediate
consumption
Production
value
added
exports
imports
taxes less subsidies on products
final consumption
Distribution and
use of income
primary incomes
current taxes on income etc.
other current transfers
External
transactions
Opening external
financial position
Assets, liabilities, net
consumption of fixed capital
saving
net
capital transfers
changes in inventories
gross fixed capital
formation
acquisitions less
disposals of valuables
Accumulation
Acquisitions less disposals of non-produced non-financial assets
Transactions in fin. instruments
Other changes in volume of assets
Revaluation
net lending
revaluation of finan-
cial (external) instruments
Assets, liabilities, net
Closing external
financial position
Opening stocks
non-financial assets
financial assets
liabilities
net worth
Closing stocks
non-financial assets
financial assets
liabilities
net worth

[Illustrative data will be incorporated later and the text adjusted to conform]

TABLE II.1.a. ACCOUNT I: PRODUCTION ACCOUNT

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15:51

I. Production account

uses		resources	
P.2	Intermediate consumption	P.1	Output (1)
B.1g	VALUE ADDED, GROSS (2)		
K.1	Consumption of fixed capital		
B.1n	VALUE ADDED, NET (2)		

(1) For the valuation of output and the resulting contents of the items "Taxes on products" and "Subsidies", please refer to the text in Chapter II, paragraphs 210-227.

(2) For the total economy this item corresponds to Gross Domestic Product, Net Domestic Product respectively. It is equal to the value added of the institutional sectors plus taxes less subsidies on products.

TABLE II.1.b. ACCOUNT II.1: PRIMARY DISTRIBUTION OF INCOME ACCOUNT

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15:51

II.1.1 Generation of income account

uses		resources	
D.1	Compensation of employees	B.1	Value added (3)
D.2	Taxes on production and imports (1)		
D.3	Subsidies (-) (1)		
B.2/B.3	OPERATING SURPLUS / MIXED INCOME (3)		

(1) For the valuation of output and the resulting contents of the items "Taxes on products" and "Subsidies", please refer to the text in Chapter II, paragraphs 210-227.
(3) The opening and the closing balancing item of each account can be expressed in gross or in net terms.

II.1.2 Allocation of primary income account

uses		resources	
D.4	Property income	B.2/B.3	Operating surplus / Mixed income (3)
B.5	BALANCE OF PRIMARY INCOMES (3)	D.1	Compensation of employees
		D.2	Taxes on production and imports
		D.3	Subsidies (-)
		D.4	Property income

(3) The opening and the closing balancing item of each account can be expressed in gross or in net terms.

TABLE II.1.c. ACCOUNT II.2: SECONDARY DISTRIBUTION OF INCOME ACCOUNT

07-Aug-92
15:51

uses		resources	
	II.2. Secondary distribution of income account		
D.5	Current taxes on income, wealth etc.	B.5	Balance of primary incomes (3)
D.61	Social contributions	D.5	Current taxes on income, wealth etc.
D.62	Social benefits other than benefits in kind	D.61	Social contributions
D.7	Other current transfers	D.62	Social benefits other than benefits in kind
B.6	DISPOSABLE INCOME (3)	D.7	Other current transfers

---

(3) The opening and the closing balancing item of each account can be expressed in gross or in net terms.

TABLE II.1.d. ACCOUNT II.3: REDISTRIBUTION OF INCOME IN KIND ACCOUNT

07-Aug-92
15:51

II.3. Redistribution of income in kind account

uses		resources	
D.63	Social transfers in kind	B.6	Disposable income (3)
B.7	ADJUSTED DISPOSABLE INCOME (3)	B.63	Social transfers in kind

(3) The opening and the closing balancing item of each account can be expressed in gross or in net terms.

TABLE II.1.e ACCOUNT II.4: USE OF INCOME ACCOUNT
ACCOUNT II.4.1.: USE OF DISPOSABLE INCOME

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uses		resources	
	II.4.1 Use of disposable income account		
P.3	Final consumption expenditure	B.6	Disposable income (3)
D.8	Adjustment for the change in net equity of households on pension funds	D.8	Adjustment for the change in net equity of households on pension funds
B.8	SAVING (3)		

(3) The opening and the closing balancing item of each account can be expressed in gross or in net terms.

TABLE II.1.f. ACCOUNT II.4: USE OF INCOME ACCOUNT
ACCOUNT II.4.2.: USE OF ADJUSTED INCOME ACCOUNT

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II.4.2 Use of adjusted disposable income account

uses		resources	
P.4	Actual final consumption	B.7	Adjusted disposable income (3)
D.8	Adjustment for the change in net equity of households on pension funds	D.8	Adjustment for the change in net equity of households on pension funds
B.8	SAVING (3)		

(3) The opening and the closing balancing item of each account can be expressed in gross or in net terms.

TABLE II.1.g. ACCOUNT III.1: CAPITAL ACCOUNT

07-Aug-92
15:51

III.1 Capital account

changes in assets		changes in liabilities and net worth	
P.51	Gross fixed capital formation	B.8	Saving, net
K.1	Consumption of fixed capital (-)	D.9	Capital transfers receivable(+)
P.52	Changes in inventories	D.9	Capital transfers payable (-)
P.53	Acquisitions less disposals of valuables		
K.2	Acquisitions less disposals of non-produced non-financial assets		
B.9	NET LENDING(+)/NET BORROWING(-)	B.10.1	+++++++++++++ CHANGES IN NET WORTH DUE TO SAVING & CAPITAL TRANSFERS (1)

(1) Total of the right-hand side of the capital account

TABLE II.1.h. ACCOUNT III.2: FINANCIAL ACCOUNT

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15:51

changes in assets		changes in liabilities and net worth	
III.2 Financial account			
F.1	Monetary gold and SDR's		
F.2	Currency and deposits	F.2	Currency and deposits
F.3	Securities other than shares	F.3	Securities other than shares
F.4	Loans	F.4	Loans
F.5	Shares and other equity	F.5	Shares and other equity
F.6	Insurance technical reserves	F.6	Insurance technical reserves
F.7	Other accounts receivable	F.7	Other accounts payable
		B.9	NET LENDING(+)/NET BORROWING(-)

Memo item: Direct foreign investment

TABLE II.1.1. ACCOUNT III.3.1: OTHER CHANGES IN VOLUME OF ASSETS ACCOUNTS

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15:51

III.3.1. Other changes in volume of assets account

	changes in assets		changes in liabilities and net worth
AN	Non-financial assets	AF.	Liabilities
AN.1	Produced assets	K.7	Catastrophic losses
K.4	Economic appearance of produced assets	K.8	Uncompensated seizures
K.7	Catastrophic losses	K.10	Other volume changes in financial assets and liabilitites n.e.c.
K.8	Uncompensated seizures	K.12	Changes in classifications and structure
K.9	Other volume changes in non-financial assets n.e.c		
K.12	Changes in classifications and structure		
AN.2	Non-produced assets		
K.3	Economic appearance of non-produced assets		
K.5	Natural growth of non-cltivated biological resources		
K.6	Economic disappearance of non-produced assets		
K.7	Catastrophic losses		
K.8	Uncompensated seizures		
K.9	Other volume changes in non-financial assets n.e.c		
K.12	Changes in classifications and structure		
AF.	Financial Assets		
K.7	Catastrophic losses		
K.8	Uncompensated seizures		
K.10	Other volume changes in financial assets and liabilitites n.e.c.		
K.12	Changes in classifications and structure	B.10.2	CHANGES IN NET WORTH DUE TO OTHER CHANGES IN VOLUME OF ASSETS

TABLE II.1.j. ACCOUNT III.3.2.: REVALUATION ACCOUNT

07-Aug-92
15:51

III.3.2. Revaluation account

changes in assets		changes in liabilities and net worth	
K.11	Nominal holding gains(+)/losses(-)	K.11	Nominal holding gains(-)/losses(+)
AN.	Non-financial assets	AF.	Liabilities
AN.1	Produced assets		
AN.2	Non-produced assets		
AF.	Financial assets		
		B.10.3	CHANGES IN NET WORTH DUE TO NOMINAL HOLDING GAINS/LOSSES

III.3.2.1 Neutral Holding gains/losses

changes in assets		changes in liabilities and net worth	
K.11.1	Neutral holding gains(+)/losses(-)	K.11.1	Neutral holding gains(-)/losses(+)
AN.1	Produced assets	AF.	Liabilities
AN.2	Non-produced assets		
AF.	Financial assets		
AN.	Non-financial assets		
		B.10.3	CHANGES IN NET WORTH DUE TO NEUTRAL HOLDING GAINS/LOSSES

III.3.2.2 Real holding gains/losses

changes in assets		changes in liabilities and net worth	
K.11.2	Real holding gains(+)/losses(-)	K.11.2	Real holding gains(-)/losses(+)
AN.	Non-financial assets	AF.	Liabilities
AN.1	Produced assets		
AN.2	Non-produced assets		
AF.	Financial assets		
		B.10.3	CHANGES IN NET WORTH DUE TO REAL HOLDING GAINS/LOSSES

TABLE II.1.k. ACCOUNT IV: BALANCE SHEETS

07-Aug-92
15:51

IV.1. Opening balance sheet

	assets		liabilities net worth
AN.	Non-financial assets	AF.	Liabilities
AN.1	Produced assets		
AN.2	Non-produced assets		
AF.	Financial assets	B.90	NET WORTH

IV.2. Changes in balance sheet

	assets		liabilities net worth
	Total changes in assets		Total changes in liabilities
AN.	Non-financial assets		
AN.1	Produced assets		
AN.2	Non-produced assets		
AF.	Financial assets	B.10	CHANGES IN NET WORTH, TOTAL
		B.10.1	SAVING AND CAPITAL TRANSFERS
		B.10.2	OTHER CHANGES IN VOLUME OF ASSETS
		B.10.3	NOMINAL HOLDING GAINS/LOSSES

IV.3. Closing balance sheet

assets		liabilities net worth	
AN.	Non-financial assets	AF.	Liabilities
AN.1	Produced assets		
AN.2	Non-produced assets		
AF.	Financial assets	B.90	NET WORTH

TABLE II.2 : AN EXAMPLE OF TRANSACTION ACCOUNT: ACCOUNT FOR PROPERTY INCOME

07-Aug-92
09:43

U S E S

TOTAL	S.2 REST OF THE WORLD	S.15 NON-PROFIT INSTI-TUTIONS SERVING HOUSEHOLDS	S.14 HOUSE-HOLDS	S.13 GENERAL GOVERN-MENT	S.12 FINAN-CIAL CORPO-RATIONS	S.11 NON-FINAN-CIAL CORPO-RATIONS	S.1 TOTAL ECONOMY	TRANSACTIONS	
235	4	0	28	43	153	7	231	D.41	Interest
319	9				16	294	310	D.42	Distributed income of corporations
42	3				16	23	39	D.421	Dividends
277	6					271	271	D.422	Withdrawals from income of quasi-corporations
10	10					0	0	D.43	Reinvested earnings on direct foreign investment
25					25		25	D.44	Property income attributed to insurance policy holders
192	32	1	22	0	91	46	160	D.45	Rent
781	55	1	50	43	285	347	726	D.4	Property income, total

RESOURCES

S.1 TOTAL ECONOMY	S.11 NON-FINANCIAL CORPORATIONS	S.12 FINANCIAL CORPORATIONS	S.13 GENERAL GOVERNMENT	S.14 HOUSEHOLDS	S.15 NON-PROFIT INSTITUTIONS SERVING HOUSEHOLDS	S.2 REST OF THE WORLD	TOTAL
221	18	112	32	55	4	14	235
304	18	6		280	0	15	319
27	18	6		3	0	15	42
277				277	0		277
10	8	2		0	0		10
25		0		25	0		25
187	9	133	0	43	2	5	192
747	53	253	32	403	6	34	781

TABLE II.3 ACCOUNT 0: GOODS AND SERVICES ACCOUNT

07-Aug-92
09:31

0. GOODS AND SERVICES ACCOUNT

resources		uses	
P.1	Output (1)	P.2	Intermediate consumption
P.7	Imports of goods and services	P.3/P.4	Final consumption expenditure /Actual final consumption
D.21	Taxes on products (1)	P.5	Gross capital formation
D.31	Subsidies on products(-) (1)	P.51	Gross fixed capital formation
		P.52	Changes in inventories
		P.53	Acquisitions less disposals of valuables
		P.6	Exports of goods and services

(1) For the valuation of output and the resulting contents of the items "Taxes on products" and "Subsidies", please refer to the text in Chapter II, paragraphs 210-227

TABLE II.4 ASSETS AND LIABILITIES ACCOUNTS

07-Aug-92
09:17AM

			NON-FINANCIAL ASSETS		FINANCIAL ASSETS/LIABILITES	
			Produced Assets	Non-produced Assets	Financial Assets	Liabilities
		Opening stocks	X	X	X	X
III.1 CAPITAL ACCOUNT	P.51	Gross fixed capital formation	X	X		
	K.1	Consumption of fixed capital (-)	X	X		
	P.52	Changes in inventories	X			
	P.53	Acquisitions les disposals of valuables	X			
	K.2	Acquisitions less disposal of non-produced non-financial assets		X		
III.2 FINANCIAL ACCOUNT	F.1	Monetary gold and SDR'S			X	
	F.2	Currency and deposits			X	X
	F.3	Securities other than shares			X	X
	F.4	Loans			X	X
	F.5	Shares and other equity			X	X
	F.6	Insurance technical reserves			X	X
	F.7	Other Accounts receivable/payable			X	X
III.3.1 OTHER CHANGES IN VOLUME OF ASSETS ACCOUNT	K.3	Economic appearance of non-produced assets		X		
	K.4	Economic appearance of produced assets	X			
	K.5	Natural growth of non-cultivated biological resources		X		
	K.6	Economic dissappearance of non-produced assets		X		
	K.7	Catastrophic losses	X	X	X	X
	K.8	Ucompensated seizures	X	X	X	X
	K.9	Other volume changes in non-financial assets n.e.c	X	X		
	K.10	Other volume changes in financial assets and liabilities n.e.c			X	X
	K.12	Changes in classification and and structure	X	X	X	X
III.3.2 REVALUATION ACCOUNT	K.11	Nominal holding gains/losses	X	X	X	X
	K.11.1	Neutral holding gains/losses	X	X	X	X
	K.11.2	Real holding gains/losses	X	X	X	X
		Closing stocks	X	X	X	X

TABLE II.5 ACCOUNT V: REST OF THE WORLD ACCOUNT (external transactions account)

14-Aug-92
10:23

V.I. External account of goods and services

uses		resources	
P.6	Exports of goods and services	P.7	Imports of goods and services
P.61	Exports of goods	P.71	Imports of goods
P.62	Exports of services	P.72	Imports of services
B.11	**EXTERNAL BALANCE OF GOODS AND SERVICES**		

V.II. External account of primary incomes and current transfers

uses		resources	
		B.11	**EXTERNAL BALANCE OF GOODS AND SERVICES**
D.1	Compensation of employees	D.1	Compensation of employees
D.2-D.3	Taxes minus subsidies on production and imports	D.2-D.3	Taxes minus subsidies on production and imports
D.4	Property income	D.4	Property income
D.5	Current taxes on income, wealth etc.	D.5	Current taxes on income, wealth etc.
D.6	Social contributions and benefits	D.6	Social contributions and benefits
D.7	Other current transfers	D.7	Other current transfers
B.12	**CURRENT EXTERNAL BALANCE**		

V.III. EXTERNAL ACCUMULATION ACCOUNTS

14-Aug-92
10:23

V.III.1 Capital account

changes in assets		changes in liabilities and net worth	
K.2	Acquisitions less disposals of non-produced non-financial assets	B.12	CURRENT EXTERNAL BALANCE
		D.8	Capital transfers receivable(+)
B.9	NET LENDING(+)/NET BORROWING(-)	D.8	Capital transfers payable (-)
			++++++++++++
		B.10.1	CHANGES IN NET WORTH DUE TO CURRENT EXTERNAL BALANCE AND CAPITAL TRANSFERS

V.III.2 Financial account

changes in assets		changes in liabilities and net worth	
F.1	Monetary gold and SDR'S		
F.2	Currency and deposits	F.2	Currency and deposits
F.3	Securities other than shares	F.3	Securities other than shares
F.4	Loans	F.4	Loans
F.5	Shares and other equity	F.5	Shares and other equity
F.6	Insurance technical reserves	F.6	Insurance technical reserves
F.7	Other accounts receivable	F.7	Other accounts receivable
		B.9	NET LENDING(+)/NET BORROWING(-)

Memorandum item:
F.m Direct foreign investment

V.III.3. Other changes in assets account

14-Aug-92
10:23

changes in assets		changes in liabilities and net worth	

V.III.3.1 Other changes in volume of assets account

	changes in assets		changes in liabilities and net worth
AN.	Non-financial assets	AF.	Liabilities
K.8	Uncompensated seizures	K.8	Uncompensated seizures
K.12	Changes in classifications and structure	K.10	Other volume changes in financial assets and liabilities n.e.c.
AF.	Financial assets	K.12	Changes in classifications and structure
K.8	Uncompensated seizures		
K.10	Other volume changes in financial assets and liabilities n.e.c.		
K.12	Changes in classifications and structure	B.10.2	CHANGES IN NET WORTH DUE TO OTHER CHANGES IN VOLUME OF ASSETS

V.III.3.2 Revaluation account

	changes in assets		changes in liabilities and net worth
AF.	Financial assets	AF	Liabilities
K.11	Nominal holding gains(+)/losses(-)	K.11	Nominal holding gains(-)/losses(+)
K.11.1	neutral holding gains(+)/losses(-)	K.11.1	neutral holding gains(-)/losses(+)
K.11.2	real holding gains(+)/losses(-)	K.11.2	real holding gains(-)/losses(+)
		B.10.3	CHANGES IN NET WORTH DUE TO NOMINAL HOLDING GAINS/LOSSES
		B.10.31	neutral holding gains/losses
		B.10.32	real holding gains/losses

V.IV. EXTERNAL ASSETS AND LIABILITIES ACCOUNT

V.IV.1. Opening balance sheet

assets		liabilities net worth	
K.2	Acquisitions less disposals of non-produced non-financial assets	AF.	Liabilities
		B.90	NET WORTH
AF.	Financial assets		

V.IV.2. Changes in balance sheet

assets		liabilities net worth	
	Total changes in assets		Total changes in liabilities
K.2	Acquisitions less disposals of non-produced non-financial assets	AF.	Liabilities
		B.10	CHANGES IN NET WORTH, TOTAL
AF.	Financial assets		

V.IV.3. Closing balance sheet

assets		liabilities net worth	
K.2	Acquisitions less disposals of non-produced non-financial assets	AF.	Liabilities
		B.90	NET WORTH
AF.	Financial assets		

TABLE II.6: INTEGRATED ECONOMIC ACCOUNTS

07-Aug-92
16:37

USES

ACCOUNTS	TOTAL	GOODS AND SER-VICES (RES.)	S.2 REST OF THE WORLD	S.1 TOTAL ECONOMY	S.15 NON-PROFIT INSTITU-TIONS SERVING HOUSEHOLDS	S.14 HOUSE-HOLDS	S.13 GENERAL GOVERN-MENT	S.12 FINAN-CIAL CORPO-RATIONS	S.11 NON-FINAN-CIAL CORPO-RATIONS	Code	TRANSACTIONS AND BALANCING ITEMS
I. PRODUCTION/ EXTERNAL ACCOUNT OF GOODS AND SERVICES										P.7	Imports of goods and services
										P.6	Exports of Goods and services
										P.1	Output (1)
										P.2	Intermediate consumption
										D.21-D.31	Taxes less subsidies on products (1)
										B.1g/B.1*g	Value added, gross/Gross domestic product (2)
										K.1	Consumption of fixed capital
										B.1n	VALUE ADDED, NET/NET DOMESTIC PRODUCT
										B.11	EXTERNAL BALANCE OF GOODS AND SERVICES
II.1.1 GENERATION OF INCOME										D.1	Compensation of employees
										D.2-D.3	Taxes less sub. on products and imports
										D.21-D.31	Taxes less sub. on products (1)
										D.29-D.39	Other taxes less subsidies on production
										B.2g	Operating surplus, gross
										B.3g	Mixed income, gross
										B.2n	OPERATING SURPLUS, NET
										B.3n	MIXED INCOME, NET

[Illustrative data will be incorporated later and the text adjusted to conform.]

RESOURCES

S.11 NON-FINANCIAL CORPORATIONS	S.12 FINANCIAL CORPORATIONS	S.13 GENERAL GOVERNMENT	S.14 HOUSEHOLDS	S.15 NON-PROFIT INSTITUTIONS SERVING HOUSEHOLDS	S.1 TOTAL ECONOMY	S.2 REST OF THE WORLD	GOODS AND SERVICES (USES)	TOTAL	ACCOUNTS
									I. PRODUCTION/ EXTERNAL ACCOUNT OF GOODS AND SERVICES
									II.1.1 GENERATION OF INCOME
									II.1.2 ALLOCATION OF PRIMARY INCOME

II.1.2 ALLOCATION OF PRIMARY INCOME										D.4 B.5g B.5n	Property income Balance of primary incomes, gross/National income, gross BALANCE OF PRIMARY INCOMES, NET/NATIONAL INCOME, NET
II.2 SECONDARY DISTRIBUTION OF INCOME										D.5 D.61 D.62 D.7 B.6g B.6n	Current taxes on income, wealth etc. Social contributions Social benefits other than social transfers in cash Other current transfers Disposable income, gross DISPOSABLE INCOME, NET
II.3 REDISTRIBUTION OF INCOME IN KIND										D.63 B.7g B.7n	Social transfers in kind Adjusted disposable income, gross ADJUSTED DISPOSABLE INCOME, NET
II.4 USE OF INCOME										B.6g B.6n P.4 P.3 B.8g K.1 B.8n B.12	Disposable income,gross DISPOSABLE INCOME, NET Actual final consumption Final consumption expenditure Saving, gross Consumption of fixed capital SAVING, NET CURRENT EXTERNAL BALANCE

									II.2 SECONDARY DISTRIBUTION OF INCOME
									II.3 REDISTRIBUTION OF INCOME IN KIND
									II.4 USE OF INCOME

CHANGES IN ASSETS

III.1										B.8n	SAVING, NET
										B.12	CURRENT EXTERNAL BALANCE
										P.5	Gross capital formation
										P.51	Gross fixed capital formation
										P.52	Changes in inventories
										P.53	Acquisitions less disposals of valuables
CAPITAL ACCOUNT										K.1	Consumption of fixed capital (-)
										K.2	Acquisitions less disposals of non-produced non-financials assets
										D.9	Capital transfers, receivable
										D.9	Capital transfers, payable (-)
										B.10.1	CHANGES IN NET WORTH DUE TO SAVING AND CAPITAL TRANSFERS (3)
										B.9	NET LENDING (+) / NET BORROWING (-)
III.2										F.	Net Acquisition of financial assets
										F.	Net Incurrence of liabilities
FINANCIAL ACCOUNT										F.1	Monetary gold and SDR'S
										F.2	Currency and deposits
										F.3	Securities other than shares
										F.4	Loans
										F.5	Shares and other equity
										F.6	Insurance technical reserves
										F.7	Other accounts receivable/payable

CHANGES IN LIABILITIES AND NET WORTH

									III.1 CAPITAL ACCOUNT
									III.2 FINANCIAL ACCOUNT

III.3.1. OTHER CHANGES IN VOLUME OF ASSETS ACCOUNT										K.3	Economic appearance of non-produced assets
										K.4	Economic appearance of produced assets
										K.5	Natural growth of non-cultivated biological resources
										K.6	Economic disappearance of non-produced assets
										K.61	Depletion of natural assets
										K.62	Other economic disappearance of non-produced assets
										K.7	Catastrophic losses
										K.8	Uncompensated seizures
										K.9	Other volume changes in non-financial assets n.e.c
										K.10	Other volume changes in financial assets and liabilities n.e.c
										K.12	Changes in classifications and structure
										B.10.2	CHANGES IN NET WORTH DUE TO OTHER CHANGES IN VOLUME OF ASSETS
III.3.2 REVALUATION ACCOUNT										K.11	Nominal holding gains/losses
										AN.	Non-financial assets
										AN.1	Produced assets
										AN.2	Non-produced assets
										AF.	Financial assets
										AF.	Liabilities
										B.10.3	CHANGES IN NET WORTH DUE TO NOMINAL HOLDING GAINS (+)/LOSSES (-)

III.3.1. OTHER CHANGES IN VOLUME OF ASSETS ACCOUNT	III.3.2 RE-VALUA-TION ACCOUNT

		ASSETS									
IV.1 OPENING BALANCE SHEET										AN.	Non-financial assets
										AN.1	Produced assets
										AN.2	Non-produced assets
										AF.	Financial assets
										AF.	Liabilities
										B.90	NET WORTH
IV.2 CHANGES IN BALANCE SHEET											Total changes in assets
										AN.	Non-financial assets
										AN.1	produced assets
										AN.2	non-produced assets
										AF.	Financial assets
										AF.	Total changes in liabilities
										B.10	CHANGES IN NET WORTH, TOTAL
										B.10.1	SAVING AND CAPITAL TRANSFERS
										B.10.2	OTHER CHANGES IN VOLUME OF ASSETS
										B.10.3	NOMINAL HOLDING GAINS (+)/LOSSES (-)
										B.10.31	neutral holding gains (+)/ losses (-)
										B.10.32	real holding gains (+)/ losses (-)
IV.3 CLOSING BALANCE SHEET										AN.	Non-financial assets
										AN.1	produced assets
										AN.2	non-produced assets
										AF.	Financial assets
										AF.	Liabilities
										B.90	NET WORTH

(1) For the valuation of output and the resulting contents of the items "Taxes on Products" and "Taxes on Production and Imports", please refer to the text in Chapter II, paragraphs 210-227.

(2) Gross Domestic Product is equal to the sum of the value added of the institutional sectors plus taxes less subsidies on products (see B.1g/B.1*g)

LIABILITIES

IV.1 OPENING BALANCE SHEET	IV.2 CHANGES IN BALANCE SHEET	IV.3 CLOSING BALANCE SHEET

TABLE II.7 : SHORTENED SEQUENCE OF ACCOUNTS FOR INDUSTRIES

07-Aug-92
09:57

I. Production account

uses		resources	
P.2	Intermediate consumption	P.1	Output (1)
B.1g	VALUE ADDED, GROSS		
K.1	Consumption of fixed capital		
B.1n	VALUE ADDED, NET		

(1) For the valuation of output and the resulting contents of the items "Taxes on products" and "Subsidies", please refer to the text in Chapter II, paragraphs 210-227.

II.1.1 Generation of income account

uses		resources	
D.1	Compensation of employees	B.1	Value added (2)
D.2	Taxes on production and imports (1)		
D.3	Subsidies (-) (1)		
B.2/B.3	OPERATING SURPLUS / MIXED INCOME (2)		

(1) For the valuation of output and the resulting contents of the items "Taxes on products" and "Subsidies", please refer to the text in Chapter II, paragraphs 210-227.
(2) The opening and the closing balancing item of this account can be expressed in gross or in net terms.

TABLE II.8 SUPPLY AND USE, reduced format

21-Aug-92
16:15

SUPPLY OF PRODUCTS

RESOURCES		TOTAL SUPPLY in purchs. prices	Trade, transport margins	Taxes less sub-sidies on products	INDUSTRIES (by ISIC cat.)								TOTAL INDUSTRY in basic prices		IMPORTS of goods & services
					Agri-culture hunting, forestry fishing (A+B)	Mining and quarry-ing (C)	Manufac-turing, elec-tricity (D+E)	Cons-tru tion (F)	Wholesale, retail trade repair motor vehicles, hotels, restaurants (G+H)	Transport, storage, and com-municat. (I)	Financial interme-diation real est., business services (J+K)	Public ad., defense, health social, personal services (M+N+O+P+L)			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
GOODS AND SERVICES, (by CPC sections)									Output						
1. Agriculture, forestry and fishery products	(0)														
2. Ores and minerals	(1)														
3. Electricity, gas and water	(17-18)														
4. Manufacturing	(2-4)														
5. Construction work and constructions, land	(5)														
6. Trade services, restaurant & hotel services	(6)														
7. Transport, storage and communication services	(7)														
8. Business services	(8)														
9. Community, social and pers. serv. exc. pub. adm	(9)														
10. Public administration	(91)														
11. TOTAL															

TABLE II.8 SUPPLY AND USE, reduced format, continued
21-Oct-92
10:57

USE OF PRODUCTS, PURCHASERS' PRICES

USES		TOTAL USES IN PURCHA-SERS' PRICES		Taxes less sub-sidies on pro-ducts	INDUSTRIES (by ISIC cat.)								TOTAL INDUSTRY	TOTAL ECONOMY	EX-PORTS of goods and serv.
					Agri-culture hunting, forestry fishing (A+B)	Mining and quarry-ing (C)	Manufac-turing, elec-tricity (D+E)	Cons-tru tion (F)	Wholesale, retail trade repair motor vehicles, hotels, restaurants (G+H)	Transport, storage, and com-municat. (I)	Financial interme-diation real est., business services (J+K)	Public ad., defense, health social, personal services (M+N+O+P+L)			
		(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
GOODS AND SERVICES, (by CPC sections)															
Total uses					Intermediate consumption										
1. Agriculture, forestry and fishery products	(0)														
2. Ores and minerals	(1)														
3. Electricity, gas and water	(17-18)														
4. Manufacturing	(2-4)														
5. Construction work and constructions, land	(5)														
6. Trade services, restaurant & hotel services	(6)														
7. Transport, storage and communication services	(7)														
8. Business services	(8)														
9. Community, social and pers. serv. exc. pub. adm	(9)														
10. Public administration	(91)														
11. TOTAL USES in purchasers' prices															

Final consumption expenditure				Gross capital formation		
HOUSE-HOLDS	NON-PROFIT INSTITUTIONS SERVING HOUSEHOLDS Individual	GENERAL GOVERNMENT collec-tive	indivi-dual	Gross fix.cap. format.	Changes in inven-tories	Acquisit. less disposals of valuables
(14)	(15)	(16)	(17)	(18)	(19)	(20)

12.TOTAL GROSS VALUE ADDED/GDP						
13.Compensation of employees						
14.Taxes less subsidies on production and imports						
15. Taxes less subsidies on products						
16. Other taxes less subsidies on production						
17.Mixed income, net						
18.Operating surplus, net						
19.Consumption of fixed capital						
20.Mixed income, gross						
21.Operating surplus, gross						
22.TOTAL						
23.LABOR INPUTS (1000 employees)						
24.GROSS FIXED CAPITAL FORMATION						
25.STOCKS OF FIXED ASSETS, NET						

07-Aug-92
09:47

TABLE II.9 FINANCIAL TRANSACTIONS BETWEEN CREDITOR AND DEBTOR SECTORS, reduced format

Debtor sector	Creditor sector	F. TOTAL	BY TYPE OF FINANCIAL INSTRUMENT F.1 Monetary Gold and SDR's	....	F.7 Other accounts receivable/ payable
		Assets of creditor sectors and liabilities of debtor sectors			
S.11 Non-financial corporations	S.11 Non-financial corporations S.12 Financial corporations S.13 General government S.14 Households S.15 Non-profit institutions serving households S.2 Rest of the world				
S.12 Financial corporations	S.11 Non-financial corporations				
S.13 General government	S.11 Non-financial corporations				
S.14 Households	S.11 Non-financial corporations				
S.15 Non profit instit. serving Households	S.11 Non-financial corporations				
S.2 Rest of the world	S.11 Non-financial corporations				
Debtor sector:		Liabilities of debtor sectors			
S.11 Non-financial corporations S.12 Financial corporations S.13 General government S.14 Households S.15 Non-profit instit.serving households S.2 Rest of the world	All Creditor sectors				

	Creditor sectors:	Assets of creditor sectors
All Debtor sectors	S.11 Non-financial corporations	
	S.12 Financial corporations	
	S.13 General government	
	S.14 Households	
	S.15 Non-profit institutions serving households	
	S.2 Rest of the world	

07-Aug-92
09:19

TABLE II.10 INTEGRATED BALANCE SHEETS AND ACCUMULATION ACCOUNTS (FOR THE TOTAL ECONOMY AND FOR SECTORS), reduced format

ASSETS, LIABILITIES AND NET WORTH		IV.1 Opening balance sheet	III.1/2 Capital & Financial Accounts	III.3.1 Other changes in volume of assets account	III.3.2 Revaluation account		IV.3 Closing balance sheet
					III.3.2.1 Neutral holding gains/ losses	III.3.2.2 Real holding gains/ losses	
	ASSETS						
AN.	Non-financial assets						
AN.1	Produced assets						
AN.11	Fixed assets						
AN.111	Tangible fixed assets						
AN.1111	Dwellings						
AN.1112	Other buildings and structures						
AN.1113	Machinery and equipment						
AN.1114	Cultivated assets						
AN.112	Intangible fixed assets						
AN.1121	Mineral exploration						
AN.1122	Computer software						
AN.1123	Entertainment,literary or artistic originals						
AN.1129	Other intangible fixed assets						
AN.12	Inventories						
AN.13	Valuables						
AN.2	Non-produced assets						
AN.21	Tangible non-produced assets						
AN.211	Land						
AN.212	Subsoil assets						
AN.213	Non-cultivated biological resources						
AN.214	Water resources						
AN.22	Intangible non-produced assets						
AF.	Financial assets						
AF.1	Monetary gold and SDR's						
AF.2	Currency and deposits						
AF.3	Securities other than shares						
AF.4	Loans						
AF.5	Shares and other equity						
AF.6	Insurance technical reserves						
AF.7	Other accounts receivable						

	LIABILITIES	
AF.2	Currency and deposits	
AF.3	Securities other than shares	
AF.4	Loans	
AF.5	Shares and other equity	
AF.6	Insurance technical reserves	
AF.7	Other accounts payable	
B.90	NET WORTH	

TABLE II-ANNEX 1: MATRIX PRESENTATION OF THE FULL SEQUENCE OF ACCOUNTS AND BALANCING ITEMS FOR THE TOTAL ECONOMY (Reduced Format)

07-Aug-92
08:47 AM

		TOTAL ECONOMY										
	ACCOUNT	0. GOODS AND SERVICES	I. PRO-DUCTION	II.1 PRIMARY DISTR. OF INCOME	II.2 / II.3 SECOND. DISTR. OF INCOME AND REDIST.OF INC. IN KIND	II.4 USE OF INCOME	III.1 CAPITAL	III.2 FINAN-CIAL	III.3 OTHER CHANGES IN ASSETS	IV.1 OPENING BALANCE SHEET	IV.2 CHANGES IN BALANCE SHEET	IV.3 CLOSING BALANCE SHEET
TOTAL ECONOMY	GOODS AND SERVICES		Intermediate Consumption 1922			Final Consump-tion 1391	Gross Capital Formation 412					
	PRODUCTION	Output and Taxes on Production 3746										
	PRIMARY DIS-TRIBUTION OF INCOME		Domestic Product 1844	Primary Income Flows 1831								
	SECOND. DISTR. OF INCOME AND REDISTR. OF INCOME IN KIND			National Income 1869	Current Transfers 1088 / 1306							
	USE OF INCOME				Disposable Income Adj. Disposab. Inc. 1836		Consumption of Fixed Capital -222					
	CAPITAL					Net Saving 223	Capital Transfers 62				Acq. minus Disp. of Non.Fin.Assets -190	Acq. minus Disp. of Non Fin. Assets 190
	FINANCIAL						Net Lending of the Total Economy 30	Transactions in Financial Assets 340			Net Acquisition of Finan. Assets -437	Net Acquisition of Finan. Assets 437
	OTHER CHANGES IN ASSETS											Changes in Assets (Other Changes) 98
	OPENING BA-LANCE SHEET											Opening Stock of Assets 16137
	CHANGES IN BALANCE SHEET								CNW, Other Changes 24		CNW Saving & Capt. Transf. 220	
	CLOSING BA-LANCE SHEET								Changes in Liab. (Other Changes) 74	Opening Stocks of Liabilit. 6125	Chang. in Liab. 407	
	NET WORTH									Opening Net Worth 10012	Changes in Net Worth, Total 244	
REST OF	EXTERNAL ACCOUNT OF GOODS AND SERVICES	Imports 490										
	EXTERNAL ACCOUNT OF FACTOR INC. AND CURRENT TRANSF.			Primary Inc. Flows to ROW 36	Current Trans-fers to ROW 45							
	CAPITAL											
	FINANCIAL							Net acquisition of Ext.Fin.Assets 88				

T H E W O R L D	OTHER CHANGES IN ASSETS											
	OPENING BA-LANCE SHEET											
	CHANGES IN BALANCE SHEET							Net Incurrence of Liabilities -86				
	CLOSING BA-LANCE SHEETS							Net Incurrence of Liabilities 86				
	NET WORTH											
	TOTAL	4205	3766	3756	2969/3187	1614	282	437	98	10137	244	10842

NET WORTH	REST OF THE WORLD									TOTAL
	I. EXTERNAL ACCOUNT OF GOODS AND SERVIICES	II. EXTERNAL ACCOUNT OF FACTOR INCOME AND CURRENT TRANSFERS	III.1 CAPITAL	III.2 FINAN-CIAL	III.3 OTHER CHANGES IN ASSETS	IV.1 OPENING BALANCE SHEET	IV.2 CHANGES IN BALANCE SHEET	IV.3 CLOSING BALANCE SHEET	NET WORTH	
	Exports 540									4245
										3746
		Primary Income Flows from ROW 61								3736
		Current Trans-fers from ROW 12								2969 / 3187
										1614
			Capital Transfers (rec. minus pay.) from ROW -3							282
				Net Incurrence of Ext.Fin.Liab. 58			Net Acquisition of Fin. Assets -58	Net Acquisition of Fin. Assets 58		437
										98
										16137
										244
Closing Net Worth 10256										16862
										10256
										499
	Ext. Bal. of Goods & Serv. -41									40
		Current ex-ternal Bal. -33		Net borrowing of the Rest of the World 30						-3
										88

								Chng.Fin.Assets (Other Changes) -18		-18
								Opening Stock of finan. assets 573		573
					CNW. Other changes -18		CNW. Current accounts and capital transfers -30			-136
					Chang. in Liab. Other changes 0	Opening Stock of Ext. Liab. 663		0	Closing Net Worth -136	613
						Opening Net Worth -90	CNW. Total -48			-136
10256	499	40	-3	86	-18	573	-136	613	-136	